

**Senate Finance Subcommittee
on Capital Funding
for Higher Education**

Interim Report

December, 2006

Please direct questions and comments to:

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Senate Finance Subcommittee on Capital Funding for Higher Education

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Senator Judith Zaffirini
Chair



Senator Robert Duncan
Senator Kyle Janek
Senator Steve Ogden
Senator Royce West

Senate Finance Subcommittee on Capital Funding for Higher Education

December 1, 2006

The Honorable
David Dewhurst
Lieutenant Governor of Texas
P.O. Box 12068
Austin, TX 78711

Dear Lieutenant Governor Dewhurst:

The Senate Finance Subcommittee on Capital Funding for Higher Education submits this interim report. We thank you for providing us this opportunity to address these important higher education issues and to present options that may benefit Texas institutions of higher education.

The options outlined in this report are based on extensive testimony and suggestions from representatives of state agencies, institutions of higher education, and other interested persons. Throughout our deliberations our priority was to improve, streamline, and objectify the process of authorizing tuition revenue bonds, ensuring that our college campuses continue to meet the future of a growing student population.

Respectfully submitted,

Handwritten signature of Judith Zaffirini in cursive.

Senator Judith Zaffirini
Chair

Senator Steve Ogden

Senator Robert Duncan

Handwritten signature of Kyle Janek in cursive.

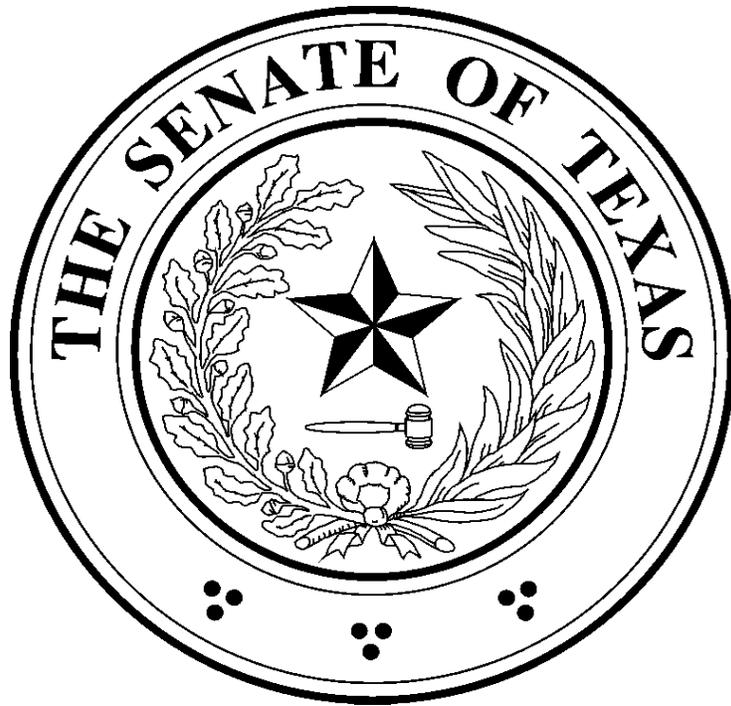
Senator Kyle Janek

Handwritten signature of Royce West in cursive.

Senator Royce West

Handwritten signature of Florence Shapiro in cursive.

Senator Florence Shapiro
Ex-Officio Member



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The Subcommittee also appreciates the numerous stakeholders for their involvement in developing this report, especially those who provided testimony during public hearings.

Texas Senate Finance Subcommittee on Capital Funding for Higher Education

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Introduction

On February 3, 2006, Lieutenant Governor David Dewhurst announced the creation of the Senate Finance Subcommittee on Capital Funding for Higher Education and issued the following interim charge:

Study capital funding for institutions of higher education, including tuition revenue bonds (looking at construction, renovation, and technology projects), PUF, and HEAF funding issues. Review the state's current process of authorizing tuition revenue bonds. Make recommendations to streamline and objectify the process to ensure the authorizations of tuition revenue bonds meet the state's goals for higher education.¹

The Lieutenant Governor appointed Senator Judith Zaffirini to chair the Subcommittee and to work with four members, namely, Senators Steve Ogden, Robert Duncan, Kyle Janek, and Royce West. With his approval, the chair added Senator Florence Shapiro as an ex-officio member. The Subcommittee was directed to complete its work by May, 2007, at the end of the 80th Regular Legislative Session. This was to correspond with the passage of the tuition revenue bonds (TRB's) bill. HB 153, the new TRB bill, however, was passed during the 79th Third Called Special Session in 2006. As a result of the passage of HB 153 and Senator Zaffirini's appointment as Chair of the Senate Subcommittee on Higher Education, the Subcommittee is expected to be dissolved on January 1, 2007, and the Subcommittee on Higher Education is expected to assume responsibility for completing this work.

The Subcommittee held public hearings related to the interim charge on March 23, 2006; May 11, 2006; May 12, 2006; May 14, 2006; and June 29, 2006 (See Appendix A). This report includes background, an overview of the methodology used for capital funding for institutions of higher education, and options identified by the Subcommittee. Unless otherwise noted, all charts, graphs, and tables were created from information provided by the Legislative Budget Board, the Texas Higher Education Coordinating Board, Texas Bond Review Board, and the Texas Public Finance Authority.

The Subcommittee focused on passing the historic legislation and on streamlining and objectifying the process of authorizing tuition revenue bonds. Senator Judith Zaffirini directed the Texas Higher Education Coordinating Board to work with all interested parties to ensure this paradigm shift in methodology. A task force comprising representatives from the general academic systems and the Coordinating Board discussed possible methods of providing capital funding that would allow institutions the ability to plan in 10-year increments. Because this task force continues to meet and will continue to modify and make recommendations, this report simply lays out options in lieu of recommendations for capital funding for higher education. The Subcommittee identifies these preliminary options at the end of this report to assist the 80th Legislature (2007) in streamlining and objectifying the process of authorizing tuition revenue bonds and funding their related debt service. The task force will continue to report to the Subcommittee on Higher Education and issue final recommendations to the Legislature during the 80th Regular Session.

History

Institutions of higher education have access to three primary sources of capital funding for educational and general projects that do not themselves generate revenue sources for debt service: tuition revenue bonds (TRBs), the Permanent University Fund (PUF), and the Higher Education Assistance Fund (HEAF).

Tuition revenue bonds were first authorized by law in 1969 (62nd Legislature, House Bill 1657 by Representative Dewitt Hale and Senator Oscar Mauzy), and the first bonds were issued in 1971. The Texas Education Code grants public colleges and universities, excluding community colleges, the authority to issue bonds "for the purpose of providing funds to acquire, purchase, construct, improve, enlarge, and/or equip any property, buildings, structures, activities, services, operations, or other facilities for and on behalf of its institution or institutions, or any branch or branches thereof, each board may issue its revenue bonds from time to time and in one or more issue or series, to be payable from and secured by liens on and pledges of all or any part of any of the revenue funds of the board and its institution or institutions, or any branch or branches of any of its institutions."²

Historically, the state has appropriated funds to the institutions to repay all or a portion of the debt service on these bonds, but as the Education Code clarifies, "such bonds shall never be an obligation of the State of Texas."³ Interest payments are spread over the term of the note and are set at a fixed rate throughout the life of the bond. The Legislature authorized \$267.5 million in TRBs between 1971 and 1973, but increased TRB authorizations between 1991 and 1995 to \$421.4 million as part of the South Texas Border Initiative. In 1997 the 75th Legislature began the first widespread use of tuition revenue bonds to fund capital needs of colleges and universities by authorizing \$638.4 million in bonds to 41 institutions. Four years later this amount was increased to \$1.08 billion in bonds to 49 institutions, excluding only The University of Texas at Austin, Texas A&M University, and Sul Ross Rio Grande College. Since 1997 the Legislature has provided tuition revenue bond authority every other session. Because of damage from Tropical Storm Allison and other issues, however, in 2001 the 78th Legislature authorized \$220.4 million to seven institutions. Since 1991, the Legislature has authorized more than \$2.4 billion in TRBs. During the 79th Third Called Special Session (2006), House Bill 153 by Representative Geanie Morrison and Senator Judith Zaffirini issued \$1.9 billion in tuition revenue bonds for 63 construction projects at 48 institutions. This was the largest investment in higher education construction in Texas history.

The process for determining which project the Legislature funds evolved slowly. Until 2001 institutions were not required to identify their projects before the legislative session, and projects were not evaluated. That year Representative Rob Junell and Senator Bill Ratliff requested that institutions submit their projects to the Texas Higher Education Coordinating Board prior to the session for evaluation. The Coordinating Board evaluated each project based on cost, efficiency, and space use.

House Bill 153 (2006), reflected a paradigm shift in higher education and the way that tuition revenue bonds were authorized. For the projects considered during the 79th Third Called Special Session, the Subcommittee worked with the Higher Education Coordinating Board in developing a methodology that assigned points to each project based on nine evaluation criteria, namely, Extraordinary Circumstances, Closing the Gaps, Planned Project, Matching Funds, Critical and Deferred Maintenance, Cost, Efficiency, Space Need, and Space Utilization.

After the TRB bill failed in 2005, the new bill was expected to be passed in 2007. Instead, HB 153 was passed during the 79th Third Called Special Session in 2006. Given the expedited passage process, the methodology for objectifying the process of authoring TRBs was used before it was finalized. The task force continues to refine it and should conclude its work during the 2007 Regular Legislative Session.

TRB Process

Since 2001 the process for evaluating and authorizing for TRB's generally has reflected the following procedures (see HB 153 section)⁴:

01. The Higher Education Coordinating Board evaluates the requests for authority submitted by an institutions with its legislative appropriations request.
02. The Legislature authorizes issuance of the bonds in legislation.
03. The institution requests project and financing approval from its Board of Regents.
04. The Board of Regents grants approval for the project.
05. The project is submitted to the Coordinating Board for evaluation.
06. The evaluation is approved and a copy is provided to the Governor, Lieutenant Governor, and the Legislative Budget Board.
07. The system or institution completes an application for the Bond Review Board.
08. The Bond Review Board verifies that the institution has approval for the issuance of the bonds and analyzes the project request to determine that the funds are available to service the debt and that the financing system is appropriate.
09. The Bond Review Board authorizes the issuance of the bonds.
10. The Attorney General reviews and approves the issuance of the bonds.
11. The system or institution sells the bonds and services the debt.
12. Upon completion of the project, the institution includes the facility in its facilities inventory.

The following table provides the tuition revenue bond authorizations through the 2006 79th Third Called Special Session.

TEXAS HIGHER EDUCATION INSTITUTIONS
Tuition Revenue Bond Authorizations

Tuition Revenue Bond Authorizations													
	62nd	63rd	72nd	72nd (1st)	73rd	74th	75th	77th	78th	78th	78th (3rd)	79th (3rd)	TOTAL:
Authorizing Legislation Year Authorized	HB 1657 1971	SB 2, SB 129 1973	HB 2102 1991	SB 3 1991	HB 2058 1993	HB 2747 1995	HB 1235 1997	HB 658 2001	HB 1941 2003	SB 800 2003	HB 2522 2003	HB 153 2006	
Texas A&M University							\$ 12,500,000					\$ 75,000,000	\$ 87,500,000
Texas A&M Central Texas													\$ 25,000,000
Texas A&M University San Antonio													\$ 40,000,000
Texas A&M University at Galveston													\$ 40,050,000
Tarleton State University								\$ 10,030,000					\$ 69,124,000
Prairie View A&M University													\$ 83,000,000
Texas A&M International - Corpus Christi													\$ 45,000,000
Texas A&M International University													\$ 37,576,600
Texas A&M University - Kingsville													\$ 61,600,000
West Texas A&M University													\$ 16,200,000
Texas A&M University - Commerce													\$ 40,930,000
Texas A&M University - Texarkana													\$ 96,000,000
TAMUUS Health Science Center*										\$ 15,000,000			\$ 80,300,000
Total - The Texas A&M University System	\$ -	\$ 7,500,000	\$ 30,000,000	\$ 30,000,000	\$ 75,000,000	\$ -	\$ 145,200,000	\$ 241,450,000	\$ 12,500,000	\$ 15,000,000	\$ 465,560,600	\$ 1,022,210,600	
UT-Arlington													\$ 70,430,000
UT-Austin													\$ 105,000,000
UT-Brownsville													\$ 33,800,000
UT-Dallas													\$ 12,000,000
UT-El Paso													\$ 38,993,750
UT-Pan American													\$ 126,250,000
UT-Permian Basin													\$ 45,796,000
UT-San Antonio													\$ 99,000,000
UT-Tyler													\$ 74,250,000
UT-Southwestern													\$ 49,500,000
UT-MB Galveston													\$ 42,000,000
UT-HSC Houston													\$ 57,000,000
UT-HSC San Antonio													\$ 60,000,000
UT-MD Anderson													\$ 40,000,000
UT-HSC Tyler													\$ 21,120,000
UT-RAHC													\$ 32,633,250
Total: The University of Texas System**	\$ 150,000,000	\$ 10,000,000	\$ 163,000,000	\$ 163,000,000	\$ 322,272,945	\$ 140,900,000	\$ 239,800,000	\$ 322,272,945	\$ 140,900,000	\$ 846,396,000	\$ 1,872,368,945	\$ 1,872,368,945	
Texas Tech													\$ 57,300,000
Texas Tech HSC-Lubbock													\$ 136,147,000
Texas Tech HSC-El Paso													\$ 59,382,525
Texas Tech HSC-Amarillo													\$ 45,000,000
Total: Texas Tech System**	\$ 35,000,000		\$ 25,000,000	\$ 25,000,000	\$ 40,000,000	\$ 40,000,000	\$ 62,500,000	\$ 90,529,525	\$ 140,900,000	\$ 89,810,000	\$ 45,000,000	\$ 26,010,000	\$ 347,839,525

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Tuition Revenue Bond Authorizations														
Legislative Session Authorizing Legislation Year Authorized	62nd HB 1657 1971	63rd SB 2, SB 129 1973	72nd HB 2102 1991	72nd (1st) SB 3 1991	73rd HB 2058 1993	74th HB 2747 1995	75th HB 1235 1997	77th HB 658 2001	78th HB 1941 2003	78th SB 800 2003	78th HB 2522 2003	78th (3rd) HB 28 2003	79th (3rd) HB 153 2006	TOTAL:
University of North Texas			\$ 25,000,000				\$ 20,000,000						\$ 50,000,000	\$ 95,000,000
University of North Texas-Dallas							\$ 19,000,000	\$ 52,933,750					\$ 25,000,000	\$ 77,933,750
University of North Texas HSC			\$ 10,000,000				\$ 39,000,000	\$ 27,500,000					\$ 41,972,400	\$ 98,472,400
Total: University of North Texas System			\$ 35,000,000				\$ 80,433,750						\$ 116,972,400	\$ 271,406,150
University of Houston							\$ 12,000,000	\$ 51,000,000					\$ 57,600,000	\$ 120,600,000
University of Houston-Clear Lake		\$ 40,000,000						\$ 30,918,750					\$ 10,604,808	\$ 81,523,558
University of Houston-Downtown			\$ 22,400,000				\$ 7,500,000	\$ 18,232,500					\$ 31,626,000	\$ 79,758,500
University of Houston Victoria							\$ 10,000,000	\$ 2,805,000					\$ 31,419,400	\$ 44,224,400
Total: University of Houston System***		\$ 40,000,000	\$ 22,400,000			\$ 9,000,000	\$ 29,500,000	\$ 102,956,250	\$ 25,000,000				\$ 131,250,208	\$ 360,106,458
Angelo State			\$ 16,000,000				\$ 20,000,000	\$ 16,917,550						\$ 52,917,550
Lamar University-Beaumont							\$ 8,000,000	\$ 21,792,096					\$ 4,500,000	\$ 34,292,096
Lamar Institute of Technology							\$ 2,000,000	\$ 5,301,960						\$ 7,301,960
Lamar State College-Orange							\$ 3,500,000	\$ 2,125,000					\$ 1,837,280	\$ 7,462,280
Lamar State College-Port Arthur							\$ 2,750,000	\$ 7,650,000					\$ 1,849,500	\$ 12,249,500
Sam Houston University			\$ 2,000,000				\$ 7,500,000	\$ 18,000,000					\$ 10,000,000	\$ 37,500,000
Texas State San Marcos			\$ 6,000,000				\$ 19,700,000	\$ 18,436,500			\$ 27,000,000		\$ 78,700,000	\$ 149,836,500
Sul Ross University			\$ 3,000,000				\$ 17,500,000	\$ 15,175,000						\$ 35,675,000
Total: Texas State University System			\$ 27,000,000				\$ 80,950,000	\$ 105,398,106			\$ 27,000,000		\$ 96,886,780	\$ 337,234,886
Texas Woman's University			\$ 5,000,000				\$ 8,500,000	\$ 25,797,500					\$ 21,739,712	\$ 61,037,212
Midwestern State University							\$ 9,000,000	\$ 8,967,500					\$ 10,400,000	\$ 28,367,500
Stephen F. Austin State University							\$ 6,000,000	\$ 14,070,000					\$ 30,178,000	\$ 50,248,000
Texas Southern University							\$ 18,000,000	\$ 79,000,000				\$ 3,500,000	\$ 46,500,000	\$ 147,000,000
TSTC Harlingen								\$ 3,400,000						\$ 3,400,000
TSTC West Texas								\$ 2,295,000						\$ 2,295,000
TSTC Marshall								\$ 1,785,000						\$ 1,785,000
TSTC Waco								\$ 3,400,000					\$ 3,125,520	\$ 6,525,520
Total: Texas State Technical College System								\$ 10,880,000					\$ 3,125,520	\$ 14,005,520
Total - All Higher Education Institutions	\$ 185,000,000	\$ 57,500,000	\$ 30,000,000	\$ 30,000,000	\$ 352,400,000	\$ 9,000,000	\$ 638,450,000	\$ 1,081,755,576	\$ 178,400,000	\$ 15,000,000	\$ 27,000,000	\$ 48,500,000	\$ 1,858,819,220	\$ 4,511,824,796

*Includes authorization in Senate Bill 800 from the 78th Legislature(2003). The bill authorized the Health Science Center to develop a biosciences research center in Temple but did not appropriate any debt service.

**Total for UT System and Texas Tech System include authorizations in 1971 of \$150 million and \$35 million respectively in the 62nd Session.

***Total for UH System includes \$25 million in 78th session (2003). This authorization was given to the system and not the individual components.

PUF and HEAF

Permanent University Fund

In 1876 the Permanent University Fund (PUF) was established in the Texas Constitution through land grants previously given to The University of Texas at Austin and an additional one million acres. Another million acres were added in 1883 to complete the fund. The discovery of oil reserves in the early 1900's increased the size of the PUF. The PUF today contains "approximately 2.1 million acres of land located in 24 counties across Texas."⁵ A majority of its assets, however, are securities held by the fund. The PUF's 2.1 million acres produce two lines of income: surface and mineral. The Constitution requires "all surface lease income to be deposited into the Available University Fund...and mineral income and income from the sale of PUF lands remain in the PUF and are invested in equity, fixed income, and derivative securities."⁶

Currently 21 institutions of the UT and A&M Systems, including the health related institutions of both systems and the Texas A&M land grant research and service agencies, receive support in the form of construction dollars from PUF bond proceeds. The PUF is managed by The University of Texas System Board of Regents, who, in turn, contract with The University of Texas Investment Management Company (UTIMCO) to provide the day-to-day management of the fund investments.

PUF distributions are deposited in a separate account, the Available University Fund (AUF). In 1999 the Texas Constitution was amended to define the AUF as consisting of distribution from the total return on all investment assets of the PUF. One-third is appropriated to the Texas A&M University System, and two-thirds are appropriated to The University of Texas System. The three primary purposes for which the AUF is used are: "1) to pay interest and principal due on the PUF bonds that are issued to provide construction dollars at 21 institutions of the UT and A&M Systems; 2) to provide support for a wide range of programs intended to develop excellence at The University of Texas at Austin, Texas A&M University at College Station, and Prairie View University (added in 1983 by a constitutional amendment); and 3) to provide for the expenses of the two respective System Administrations."⁷

As of August 31, 2006, the value of the PUF was \$10.313 billion. The AUF 2006-07 estimated appropriations was \$755.3 million⁸.

Higher Education Assistance Fund

In 1981 the statewide *ad valorem* tax was repealed, leaving many institutions without a source of revenue for construction, improvements, major repair and renovation, and the acquisition of capital equipment. In 1983 the Legislature recognized the need to fund these institutions and passed a joint resolution, adding Article VII, Section 17 of the Texas Constitution and Chapter 62 to the Texas Education Code, establishing the Higher Education Assistance Fund (HEAF). These amendments provided for an appropriation of \$100 million annually, beginning in September, 1985, for the purpose of 1) acquiring land; 2) constructing and equipping buildings and other permanent improvements; 3) major repair and renovation of buildings or other permanent improvements; and 4) acquisition of capital equipment, library books and library materials.⁹ Specifically these funds may not be used for, "financing student housing, intercollegiate athletics, or auxiliary enterprises."¹⁰ Each governing board authorized to participate in the distribution of money may issue bonds or notes and may pledge up to 50 percent of the money allocated to that board to secure the payment of the principal and interest of those bonds.

HB 2462 enacted by the 74th Legislature (1995) increased the HEAF allocation from \$100 million to \$175 million per year to be distributed among the 32 eligible institutions and created a dedicated endowment, the Higher Education Fund (HEF). From 1996 to 2001 the HEF endowment received appropriations of \$50 million per year. In 2002 the appropriation was reduced by the amount of interest earned by the HEF and a corresponding amount was transferred to the Texas Excellence Fund for the benefit of HEAF-eligible institutions. HB 2463 also added paragraph (e) of Section 62.022 of the Texas Education Code:

Prior to the convening of the regular session of the Texas Legislature in 2005, the coordinating board shall conduct, with the full participation of the eligible institution, a study and present recommendations to the Legislative Budget Board and to the Texas House and Texas Senate standing committees having cognizance over legislation related to higher education as the allocation of funds appropriated by Section 17(1), Article VII, Texas Constitution, for the 10-year period beginning September 1, 2005.

The Coordinating Board also is to review the allocation every five years and determine if the allocations need to be adjusted.

During the 79th Regular Legislative Session, House Bill 3001 by Representative Geanie Morrison and Senator Robert Duncan amended the Education Code to increase the annual appropriation to the Higher Education Assistance Fund from \$175 million to \$262.5 million beginning with the state fiscal year ending August 31, 2008, and increased the annual allocation from the fund to eligible institutions of higher education beginning that same year.

The Texas Constitution requires that investment returns of HEF be credited back to the fund until the fund balance reaches \$2 billion. When the fund reaches \$2 billion, 10 percent of the income from investments will be added back to the fund and become part of the corpus of the HEF. The remainder of the annual income will be appropriated to HEAF institutions.

The current balance of the permanent HEF as of March, 2006, is \$532 million.¹¹

The following chart reflects the distribution of the HEF funds, 2000 and beyond.

HEF DISTRIBUTION *			
Institution	FY 2000-05 Allocation of \$175 Million	FY 2006-07 Allocation Per Enrolled HB 3001	FY 2008++ Allocation Per Enrolled HB 3001
Lamar University	\$5,737,451	\$7,473,672	\$11,210,508
Lamar - Orange	\$743,967	\$743,365	\$1,115,048
Lamar - Port Arthur	\$2,336,605	\$793,412	\$1,190,119
Lamar Institute of Tech.	\$0	\$0	
Sul Ross University	\$1,635,271	\$1,362,515	\$2,043,772
Sul Ross University - Rio Grande	\$266,322	\$253,220	\$379,831
Angelo State University	\$3,887,211	\$2,390,535	\$3,585,802
Sam Houston St. University	\$5,864,608	\$6,610,870	\$9,916,306
Texas State University - San Marcos	\$14,479,112	\$13,199,517	\$19,799,276
Texas A&M University - Corpus Christi	\$3,687,722	\$5,519,329	\$8,278,993
Texas A&M International University	\$1,778,155	\$2,086,807	\$3,130,211
Texas A&M University - Kingsville	\$3,555,651	\$3,368,155	\$5,052,232
Texas A&M University - Commerce	\$4,229,747	\$3,563,785	\$5,345,678
Texas A&M University - Texarkana	\$1,027,070	\$1,097,568	\$1,646,352
West Texas A & M University	\$3,671,345	\$3,184,593	\$4,776,890
University of Houston	\$25,986,116	\$23,517,427	\$35,276,140
University of Houston - Clear Lake	\$3,853,447	\$4,000,892	\$6,001,337
University of Houston - Downtown	\$5,453,977	\$6,418,767	\$9,628,151
University of Houston - Victoria	\$1,659,449	\$1,521,922	\$2,282,883
The University of Texas - Pan American	\$6,081,112	\$8,588,232	\$12,882,348
The University of Texas at Brownsville	\$1,050,580	\$2,791,194	\$4,186,790
TSTC	\$3,850,000	\$3,850,000	\$5,775,000
Midwestern State University	\$3,007,669	\$2,289,565	\$3,434,348
Stephen F. Austin State University	\$6,633,109	\$4,683,847	\$7,025,771
Texas Southern University	\$7,191,493	\$7,437,642	\$11,156,463
Texas Woman's University	\$6,974,897	\$5,616,139	\$8,424,209
Texas Tech University	\$20,961,881	\$17,886,318	\$26,829,477
Texas Tech University HSC	\$7,735,000	\$11,899,627	\$17,849,441
University of North Texas	\$18,021,033	\$17,424,822	\$26,137,233
University of North Texas HSC	\$3,640,000	\$5,426,261	\$8,139,391
TOTAL	\$175,000,000	\$175,000,000	\$262,500,000

* Provided by LBB

Table 1 is a comparison PUF and HEF funding. Eligible institutions are listed on page 10.

Table 1
Permanent University Fund and Higher Education Fund Comparisons ¹²

Permanent University Fund (PUF)	Higher Education Fund (HEF)
The Constitution authorizes the UT and A&M governing Boards to issue PUF-backed Bonds - Article 7, Sec. 18(a)	The Constitution allows the governing board of each HEF-eligible institution to issue HEF-backed bonds - Article 7, Sec. 17(a)
Both PUF and HEF-backed bonds may only be used for certain Constitutional purposes, including acquiring land; constructing; equipping and repairing buildings; and acquiring capital equipment, library books, and library materials. PUF and HEF bond income may not be used for student housing, intercollegiate athletics, or auxiliary enterprises.	
The Constitution allows UT and A&M Systems to use all their AUF income for debt service.	HEF-eligible institutions are limited to using 50 percent of their respective HEF allocations for HEF debt service.
The Constitution limits the amount of PUF-backed bond issuance to 10 percent (for A&M) and 20 percent (for UT) of the cost value of the Permanent University Fund at the time of issuance.	HEF bonds are backed by the statutory allocation of HEF funds, not by the PHEF corpus.
The Constitution requires that PUF-backed bonds must mature in 30 or fewer years from their issuance dates.	HEF-backed bonds must mature in 10 or fewer years or from their issuance dates.

**Institutions Eligible for the
Permanent University Fund**

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas of the Permian
Basin
The University of Texas at San Antonio
The University of Texas at Tyler
Texas A&M University
Texas A&M University at Galveston
Prairie View A&M University
Tarleton State University
Texas A&M University Service Agencies
The University of Texas Southwestern
Medical Center at Dallas
The University of Texas Medical Branch at
Galveston
The University of Texas Health Center at
Tyler
The University of Texas Health Science
Center at Houston
The University of Texas MD Anderson
Cancer Center
The University of Texas Health Science
Center at San Antonio
Texas A&M University System Health
Science Center
The University of Texas System
Administration
Texas A&M University System
Administration

**Institutions Eligible for the
Higher Education Fund**

Texas A&M University - Corpus Christi
Texas A&M International University
Texas A&M University - Kingsville
Texas A&M University - Commerce
Texas A&M University - Texarkana
West Texas A&M
Lamar University
Lamar Institute of Technology
Lamar State College at Orange
Lamar State College at Port Arthur
Sul Ross State University
Sul Ross State University Rio Grande
College
Angelo State University
Sam Houston State University
Southwest Texas State University
University of Houston
University of Houston - Clear Lake
University of Houston - Downtown
University of Houston - Victoria
The University of Texas - Pan America
The University of Texas at Brownsville
Midwestern State University
Stephen F. Austin State University
Texas Southern University
Texas Woman's University
Texas Tech University
Texas Tech University HSC
University of North Texas
University of North Texas HSC
Texas State Technical College System

House Bill 153

During the closing days of the 79th Third Called Special Session, Governor Rick Perry opened the call to include tuition revenue bond bills. House Bill 153 (See Appendix B) by Representative Geanie Morrison and Senate Bill 46 by Senator Judith Zaffirini included requests for authorizing approximately \$3.7 billion in tuition revenue bonds. Consistent with the charge issued by Lieutenant Governor David Dewhurst to the Senate Finance Subcommittee on Committee on Capital Funding, the related process of determining which TRBs to authorize was objectified and streamlined. This was a paradigm shift in authorizing TRBs.

As directed by Senator Zaffirini, the Higher Education Coordinating Board developed a methodology that assigned points to each project based on nine evaluation criteria, namely, Extraordinary Circumstances, Closing the Gaps, Planned Project, Matching Funds, Critical and Deferred Maintenance, Cost, Efficiency, Space Need, and Space Utilization (See Appendix C). The authorized amounts, final points, and estimated debt service by institution are reflected in Appendix D.

House Bill 153 by Representative Morrison and Senator Zaffirini authorized \$1.9 billion in tuition revenue bonds for 63 construction projects at 48 institutions. Because the bill was passed earlier than expected, the Coordinating Board's methodology was implemented in a preliminary stage and will continue to be improved, based largely on feedback from higher education representatives. HB 153 was passed on May 15, 2006, and signed into law, effective immediately, on May 31, 2006. The appropriation for debt service was deferred to the 2007 Regular Legislative Session.

Table 2 identifies institutions that received TRBs in HB 153 and their related projects, project types, total project costs, and authorized amount.

Table 2
HB 153 Authorizations of TRBs

Texas A&M System

Institution	Project	Primary Facility Type	Total Project Cost	Final Bill
Texas A&M University - Commerce	Music Building	Classroom, General	\$29,607,000	\$21,770,000
Texas A&M University at Galveston	Science Building	Research	\$50,000,000	\$40,050,000
Texas A&M University - Kingsville	Citrus Center Building	Laboratory, General	\$10,600,000	\$9,540,000
Texas A&M University - Corpus Christi	Nursing/Health Sciences/Kinesiology Facility	Classroom, General	\$50,000,000	\$45,000,000
Texas A&M University System	Texas A&M University - Central Texas (with 1,500 FTE contingency before 2010)	Classroom, General	\$46,700,000	\$25,000,000
Texas A&M University System	Texas A&M University - San Antonio (with 1,500 FTE contingency before 2010)	Classroom, General	\$121,715,000	\$40,000,000
Texas A&M University - Texarkana	Multipurpose Library Building and Central Plant	Library/Study Facilities	\$109,330,700	\$75,000,000
Texas A&M University	Emerging Technologies Interdisciplinary Building	Laboratory, General	\$100,000,000	\$75,000,000
The Texas A&M University System Health Science Center	Medical Education and Research Building	Classroom, Medical/Healthcare	\$60,000,000	\$45,000,000
West Texas A&M University	Classroom Center Renovation	Classroom, General	\$18,000,000	\$16,200,000
Texas A&M International	Student Success Center	Classroom, General	\$25,000,000	\$25,000,000
Texas A&M International	Loop Road and Chill Water Loop			\$7,626,600
Texas A&M International	Fine Arts Theater Completion	Auditorium/Theater	\$6,526,000	\$4,950,000
Tarleton State University	Nursing Building	Classroom, Medical/Healthcare	\$27,000,000	\$24,300,000
Tarleton State University	Dairy Center		\$12,360,000	\$11,124,000

University of Texas System

Institution	Project	Primary Facility Type	Total Project Cost	Final Bill
The University of Texas at Austin	Experimental Science Building (ESB) Renovation	Laboratory, General	\$125,000,000	\$105,000,000
The University of Texas Southwestern Medical Center at Dallas	North Campus Phase 5	Research Facility	\$126,000,000	\$42,000,000

Table 2 HB 153 Authorizations of TRBs (continued)

Institution	Project	Primary Facility Type	Total Project Cost	Final Bill
The University of Texas at Tyler	Completion/Renovation/Expansion for Engineering, Sciences	Classroom, General	\$48,000,000	\$43,200,000
The University of Texas at Tyler	Expansion of the UT Tyler Palestine Campus	Classroom, Medical/Healthcare	\$7,000,000	\$6,300,000
The University of Texas Health Center at Tyler	Academic Health Center	Healthcare Facility, Clinic	\$29,000,000	\$21,120,000
The University of Texas of the Permian Basin	CEED		\$45,000,000	\$45,000,000
The University of Texas of the Permian Basin	Science and Technology Complex	Laboratory, General	\$56,000,000	\$54,000,000
The University of Texas at Dallas	Natural Science and Engineering Research Building (debt service only)	Research	\$85,000,000	\$0
The University of Texas at Dallas	Vivarium and Experimental Space	Research	\$15,000,000	\$12,000,000
The University of Texas at Arlington	Engineering Research Building	Research	\$80,430,000	\$70,430,000
The University of Texas - Pan American	Starr County Upper Level Center	Classroom, General	\$7,500,000	\$6,000,000
The University of Texas - Pan American	Fine Arts Academic and Performance Complex	Classroom, General	\$49,745,000	\$39,796,000
The University of Texas Medical Branch at Galveston	Galveston National Laboratory	Research	\$167,090,673	\$57,000,000
The University of Texas at San Antonio	Engineering Building, Phase II	Laboratory, General	\$82,500,000	\$74,250,000
The University of Texas Health Science Center at San Antonio	South TX Research Facility	Research	\$15,000,000	\$60,000,000
The University of Texas Health Science Center at Houston	Dental Branch Replacement Building	Healthcare Facility, Clinic	\$110,540,000	\$60,000,000
The University of Texas at El Paso	Physical Sciences/Engineering Core Facility	Laboratory, General	\$85,000,000	\$76,500,000
The University of Texas M.D. Anderson Cancer Center	Center for Targeted Therapy Research Building	Research	\$70,000,000	\$40,000,000

Table 2 HB 153 Authorizations of TRBs (continued)

Institution	Project	Primary Facility Type	Total Project Cost	Final Bill
The University of Texas at Brownsville	Science and Technology Learning Center	Classroom, General	\$33,800,000	\$33,800,000

Texas Tech University System

Institution	Project	Primary Facility Type	Total Project Cost	Final Bill
Texas Tech University	Amarillo Research Facility	Laboratory, Medical/Healthcare	\$18,100,000	\$18,000,000
Texas Tech University	Rawls College of Business Administration Building	Classroom, General	\$60,000,000	\$25,000,000
Texas Tech University	Law School Trial Advocacy/Education Ctr	Auditorium/Theater	\$13,500,000	\$7,500,000
Texas Tech University	Classroom Building Renovation	Classroom, General	\$25,000,000	\$25,000,000
Texas Tech University	Amarillo School of Pharmacy		\$8,900,000	\$8,010,000
Texas Tech Health Sciences Center	El Paso Medical Science Bldg. Renovation	Laboratory, Medical/Healthcare	\$8,000,000	\$6,300,000

University of Houston System

Institution	Project	Primary Facility Type	Total Project Cost	Final Bill
University of Houston - Victoria	Sugarland Academic Building		\$35,000,000	\$22,900,000
University of Houston - Victoria	Allied Health		\$2,000,000	\$1,800,000
University of Houston - Victoria	Regional Econ. Development		\$8,700,000	\$6,719,400
University of Houston	Renovate Science Laboratories	Research	\$64,000,000	\$57,600,000
University of Houston - Downtown	New Classroom Building at Shea Street	Classroom, General	\$35,140,000	\$31,626,000
University of Houston - Clear Lake	Arbor Renovations And Addition	Classroom, General	\$11,783,120	\$10,604,808
Texas State Technical College - Waco	HVAC Replacement	Classroom, General	\$3,472,800	\$3,125,520

Table 2 HB 153 Authorizations of TRBs (continued)

University of North Texas System

Institution	Project	Primary Facility Type	Total Project Cost	Final Bill
University of North Texas	College of Business Administration Building	Classroom, General	\$60,000,000	\$50,000,000
University of North Texas Health Science Center at Fort Worth	Property and Public Health Education Building	Classroom, Medical/Healthcare	\$46,636,000	\$41,972,400
University of North Texas System	University of North Texas - Dallas Campus General Academic Building (with 1,500 FTE contingency by 2010)	Classroom, General	\$38,000,000	\$25,000,000

Texas State University System

Institution	Project	Primary Facility Type	Total Project Cost	Final Bill
Lamar State College - Orange	Hibernia Bank Building Acquisition and Renovation	Acquisition	\$2,114,280	\$1,837,280
Lamar University	Lucas Engineering Building Renovation and Addition	Classroom, General	\$5,000,000	\$4,500,000
Texas State University - San Marcos	Undergraduate Academic Center	Classroom, General	\$47,700,000	\$42,700,000
Lamar State College - Port Arthur	Computer/Learning Center	Classroom, General	\$2,055,000	\$1,849,500
Texas State University - San Marcos	Round Rock Higher Education Center Phase II	Classroom, Medical/Healthcare	\$40,000,000	\$36,000,000
Sam Houston State University	Center for Performing Arts (Phase I)	Classroom, General	\$20,000,000	\$10,000,000

Table 2 HB 153 Authorizations of TRBs (continued)

Independents

Institution	Project	Primary Facility Type	Total Project Cost	Final Bill
Texas Southern University	School of Science And Technology	Classroom, General	\$35,000,000	\$31,500,000
Texas Southern University	Multi-purpose Academic Center (THECB approval with contingency before 2010)		\$30,400,000	\$15,000,000
Midwestern State University	D. L. Ligon Building Renovation	Classroom, General	\$11,889,000	\$7,700,000
Texas Woman's University	Science Building - Denton Campus Renovation & Addition	Laboratory, General	\$24,155,235	\$21,739,712
Midwestern State University	Fowler/Engineering Building	Classroom, General	\$6,000,000	\$2,700,000
Stephen F. Austin State University	Campus Deferred Maintenance Reduction Plan	Classroom, General	\$17,725,000	\$10,000,000
Stephen F. Austin State University	Education Research Facility	Classroom, General	\$25,222,500	\$20,178,000

Other States

In February, 2006, Senate Zaffirini asked Senate Research Center to study and report how other states fund higher education capital projects. The majority of the states surveyed use general revenue, general obligation bonds, or special funds to fund capital projects. Highlights of their approaches are listed below.

- Alabama: No regular source of funding is provided by the Legislature. As a result most capital projects are funded through tuition and fees, capital campaigns, and bond issues. Debt service is paid from tuition and fees, auxiliary sources, and other sources.
- California: With the approval of the governor general obligation bonds are submitted to the voters every two to four years to provide capital funding.
- Connecticut: General obligation bonds are the primary source for facilities and are financed by state tax revenues. In addition, higher education institutions have access to other funding sources, including self-liquidating bonds, special obligation student fee revenue bonds, gifts and donations, and auxiliary enterprise funds. In 1995 legislation authorized the University of Connecticut to borrow money and issue securities.
- Florida: Prior to 2005 funds were appropriated for capital funding from the Public Education Capital Outlay (gross receipts on utilities), General Revenue, Educational Enhancement (lottery), State University Construction Fund Interest Earnings, and Capital Improvement Fees (that include building fees and are part of a students registration fee). Due to a finance change in 2005 student fees are no longer appropriated, removing the Capital Improvement Fees and leaving only the other sources of funding. The Florida Lottery provided more than \$1 billion to the Education Enhancement Trust Fund in fiscal year 2004-05.
- Indiana: Facilities that serve academic or administrative functions are funded by cash appropriations, fee-replaced bonding, gift funds, or institutional fund balances.
- Illinois: General Obligation Bonds or Build Illinois revenue bonds are the primary source for capital funding. These bonds are backed by full faith and credit of the state, and Build Illinois revenue bonds are backed by the state's sales tax.
- Minnesota: General Obligation Bonds are the primary source for capital funding. For asset preservation projects, the state pays 100 percent of the cost of the project. For other projects the institution is expected to pay one-third of the cost from its own sources, and state general obligation bonds pay not more than two-thirds of the total cost.
- North Dakota: Capital projects are funding through general funds and state bonds.

In April, 2006, the Texas Council on Public Universities Presidents and Chancellors issued its findings about capital funding trends and financing methods of other states. Thirty-seven of the 50 states responded to the survey. The major findings follow:

- *Most states have some sort of regular review of facilities, whether at the institution/system, coordinating board, capital-related state agency or Legislature direction; the review may or may not be included in a formal master plan for higher education.*
- *Capital projects are determined after review by several entities, beginning with the individual university/system, state higher education authority/oversight agency and ultimate approval by the state's Legislature/governor.*
- *In 30 states (81 percent of responding states), the Legislature determines which capital projects will be implemented.*
- *An appropriations act or form of enabling legislation identifies specific projects to be debt financed in 27 states (73 percent of the survey respondents).*
- *The majority of states responding to the survey (73 percent, or 27 states) appropriate debt service for state-issue debt.*
- *Sixty-two percent of the responding states may receive state appropriations for the total construction costs of a project (23 states).*
- *Twenty-three states (62 percent) indicated that the state requires the institutions/systems to share in capital project debt at some level, with 14 of these states reporting the share-requirement varies by project.*
- *Most states (87 percent, or 32 states) are not required by the state to pledge tuition revenues for capital building projects.*
- *Eight states (22 percent) reported the use of a revolving bond fund to support debt issuance for university facility projects.*
- *Twenty-nine states (78 percent) reported their universities/systems are authorized debt independently.*
- *Fifteen respondents (41 percent) indicated the state does have formulas to measure the needs for classroom, research, and administrative space. Of these, three states reported the state funds these types of building differently.¹³*

More information about this report can be obtained at
http://www.cpupc.org/images/CPUPC_Capital_Funding_Report_4-06.pdf.

Options

Because House Bill 153 was passed earlier than expected, the methodology and framework for streamlining and objectifying the process of authorizing tuition revenue bonds was not developed fully when project requests were evaluated. To meet the Subcommittee's charge, Senator Zaffirini asked the Texas Higher Education Coordinating Board to continue to work through a task force of all interested parties regarding the paradigm shift in methodology for tuition revenue bonds. A task force comprising representatives from the general academic systems and the Coordinating Board discussed possible methods of providing capital funding that would allow institutions the ability to plan in 10-year increments.

Because this task force continues to meet to modify and make recommendations, this report simply lays out preliminary options in lieu of recommendations for capital funding for higher education. These options are based on hours of testimony, task force meetings, and suggestions from stakeholders at all levels of higher education. Final recommendations will be made during the 80th Legislative Session.

Options reported as of November 28, 2006, from the task force are listed below:

- Military Base Closing Model:
An outside panel makes a recommendation, and the Legislature votes to accept or reject the whole proposal without amendments.
- Bonds Model:
The Legislature issues the bonds instead of the individual system, removing any worry about state funding of the debt service. Those bonds are then distributed to individual systems/campuses based on criteria similar to the tuition revenue bonds.
- Matching Funds Model:
Each institution is required to provide a certain percentage match before any state funds can be used. The amount of match could vary according to an institution's ability to raise outside funding.
- Appropriation Model:
The Legislature provides an allocation for each institution to receive a prescribed amount for capital funding. It would allow institutions to know how much is available going into the process, and institutions could plan accordingly.
- Debt Service Appropriation Model:
The Legislature provides a set amount for debt service. The decisions about how to use the funds would be determined by the institutions, who could use the funds to pay off existing bonds or to issue additional bonds.

Preliminary Recommendations Regarding Tuition Revenue Bond Criteria

The methodology and format used by the Coordinating Board in evaluating TRB requests for House Bill 153 generated extensive feedback from the higher education community. Many focused on the ranking methodology, rating criteria, weights applied to the rating criteria, Closing the Gaps goals, matching funds, and previous factors involved in evaluating capital projects (cost, efficiency, deferred maintenance, and space needs). The Coordinating Board task force will report recommendations and findings to the Subcommittee on Higher Education.

Preliminary recommendations for improving the methodology follow:

- Criteria for project evaluation and ranking should be disclosed prior to applications being submitted.
- Health-related institutions, general academic institutions, and university system centers should have different evaluation criteria. Criteria should be modified for the focus of different accountability groups.
- Evaluation criteria should be tied to actual performance regarding Closing the Gaps targets.
- The use of matching funds as a criterion should be considered in relation to the size, location, and resource capabilities of the individual institution.
- Enrollment growth for academic institutions is an important criterion and should be considered as part of the ranking methodology. Under-represented populations should be considered for higher weighting in any analysis.
- Good management of state resources and demonstrated efficiencies should be a significant criterion.
- Projects that pertain to life safety, accessibility issues, and upgrading to current technology needs should be given special consideration.

Other Options

- Direct the Texas Higher Education Coordinating Board to continue working with higher education institutions to modify and improve the Coordinating Board's capital project rating methodology.
- Require in statute that all projects be rated by the Coordinating Board's methodology, once finalized and approved by the Legislature, to be eligible for tuition revenue bond authorization.
- Modify the restrictions on HEF-backed bonds to allow them to mature in 30 or fewer years.
- Allow institutions to pledge 100 percent of their HEAF allocation toward HEF-backed bonds.

Conclusion

In response to the charge issued by Lieutenant Governor David Dewhurst, the Senate Finance Subcommittee on Capital Funding for Higher Education unanimously recommended passage of House Bill 153 on May 14, 2006, authorizing \$1.9 billion in tuition revenue bonds for 63 construction projects at 48 colleges and universities. Debt service is expected to be appropriated by the 80th Legislature (2007). Because the bill was passed earlier than expected, the methodology for streamlining and objectifying the TRB authorization process was not finalized, but a preliminary version was employed. What's more, the Subcommittee identified various models and options for the 80th Legislature. Due to its continuing research and collaboration, the task force organized by the Higher Education Coordinating Board at the directive of the Senate Finance Subcommittee on Capital Funding for Higher Education will present final recommendations and options during the 80th Regular Legislative Session.

Addressing Texas higher education needs is critical for the future of our great state. Ensuring that campuses grow to accommodate enrollment is a responsibility that requires collaboration among legislators and the higher education community. Research, economic development, and general improvements to quality of life can be attributed to post secondary education. A key component to ensuring competitiveness, both nationally and globally, and to meet the increasing demands of a growing population and a diversified workforce, is a state's investment in capital projects in higher education. As other demands of state government continue to compete for limited resources, higher education institutions, and future Legislatures must continue to be creative and proactive in funding capital projects.

By reflecting an objective, streamlined methodology for authorizing TRBs, HB 153 represents a paradigm shift in higher education capital funding. The Senate Finance Subcommittee on Capital Funding for Higher Education was proud to address this important charge, to conduct the required research, and to identify options that will provide guidance for the 80th Legislature as it convenes to address the state's higher education and budget needs for the 2007-08 biennium.

End Notes

¹ Report from Lt. Governor David Dewhurst outlining interim changes.

² Texas Education Code, Chapter 55, Section 55.13

³ Texas Education Code, Chapter 55, Section 55.19

⁴ Taken from report provided by Senate Research

⁵ UTIMCO <http://www.utimco.org/scripts/internet/fundsdetail.asp?fnd=2>

⁶ Taken from report provide by Senate Research page 3

⁷ Texas Higher Education Coordinating Board, *Overview of Tuition Revenue Bonds, The Higher Education Fund, and the Permanent University Fund*. February, 2006

⁸ Legislative Budget Board

⁹ Ibid.

¹⁰ Ibid.

¹¹ Legislative Budget Board

¹² Provided by LBB at the March 23, 2006 hearing of the Subcommittee

¹³ [http://www.cpupc.org/images/CPUPC Capital Funding Report 4-06.pdf](http://www.cpupc.org/images/CPUPC_Capital_Funding_Report_4-06.pdf)

Appendices

All appendices included herein are referenced in the main report. Unless otherwise noted, all charts, graphs, and tables were created from information provided by the Legislative Budget Board, the Texas Higher Education Coordinating Board, Texas Bond Review Board, and the Texas Public Finance Authority.

The appendices included are as follows:

- **Appendix A: Agendas and Lists of Witnesses**
Copies of all agendas and witnesses from the public hearings held related to the interim charge on March 23, 2006; May 11, 2006; May 12, 2006; May 14, 2006; and June 29, 2006.
 - **Appendix B: House Bill 153**
Copy of House Bill 153 Legislation.
 - **Appendix C: House Bill 153 Project Scoring Under New Methodology**
Contains the final points assigned for each project authorized under House Bill 153. Points were based on nine evaluation criteria, namely, Extraordinary Circumstances, Closing the Gaps, Planned Project, Matching Funds, Critical and Deferred Maintenance, Cost, Efficiency, Space Need, and Space Utilization.
 - **Appendix D: House Bill 153 Debt Service**
Includes final authorized amounts for projects approved in House Bill 153 and related debt service.
 - **Appendix E: Responses from Subcommittee Members**
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Appendix A: Agendas and Lists of Witnesses

AGENDA

SENATE FINANCE SUBCOMMITTEE ON CAPITAL FUNDING FOR HIGHER EDUCATION
SENATOR JUDITH ZAFFIRINI, CHAIR

THURSDAY, MARCH 23, 2006, 1:30 P.M.
CAPITOL EXTENSION E1.036

Subcommittee Charge: Study capital funding for institutions of higher education, including tuition revenue bonds (looking at construction, renovation, and technology projects), PUF, and HEF funding issues. Review the state's current process of authorizing tuition revenue bonds. Make recommendations to streamline and objectify the process to ensure the authorizations of tuition revenue bonds meet the state's goals for higher education.

- I. Call to Order
- II. Roll Call
- III. Subcommittee Business

A. Adopt Subcommittee Rules

B. Subcommittee Charge

Capital funding for institutions of higher education

- 1. Tuition Revenue Bonds, PUF and HEF Overview - *Rick Travis, Analyst, Legislative Budget Board*
- 2. Process and History of TRB's - *Robert Shepard, Chair; Neal Adams, Vice-Chair; Dr. Raymund Paredes, Commissioner; Teri Flack, Deputy Commissioner, Texas Higher Education Coordinating Board*

IV. Adjourn/Recess

MINUTES

SUBCOMMITTEE ON CAPITAL FUNDING FOR HIGHER EDUCATION

Thursday, March 23, 2006

1:30 p.m.

Capitol Extension, Room E1.036

Pursuant to a notice posted in accordance with Senate Rule 11.18, a public hearing of the Senate Committee on S/C on Capital Funding for Higher Education was held on Thursday, March 23, 2006, in the Capitol Extension, Room E1.036, at Austin, Texas.

MEMBERS PRESENT:
Senator Judith Zaffirini
Senator Kyle Janek
Senator Steve Ogden
Senator Florence Shapiro, Ex-Officio

MEMBERS ABSENT:
Senator Robert Duncan
Senator Royce West

The chair called the meeting to order at 1:30 p.m.

The roll was called.

Senator Zaffirini welcomed the Subcommittee members and introduced Subcommittee staff. Senator Janek and Senator Shapiro introduced their respective staffers. Senator Zaffirini made opening remarks.

The Subcommittee heard invited testimony about the Subcommittee's Interim Charge: Study capital funding for institutions of higher education, including tuition revenue bonds (looking at construction, renovation, and technology projects), PUF, and HEF funding issues. Review the state's current process of authorizing tuition revenue bonds. Make recommendations to streamline and objectify the process to ensure the authorization of tuition revenue bonds meets the state's goals for higher education. Witnesses testifying and registering regarding the charge are shown on the attached list.

A quorum was established.

The invited testimony continued.

Senator Ogden moved adoption of the Subcommittee Interim Rules. There being no objection, the Subcommittee Rules were adopted by unanimous consent.

The invited testimony resumed.

There being no further business, at 2:55 p.m. Senator Zaffirini moved that the Committee stand recessed, subject to the call of the chair. Without objection, it was so ordered.

Senator Judith Zaffirini, Chair

Amy Jeter, Clerk

WITNESS LIST

S/C on Capital Funding for Higher Education Committee
March 23, 2006 - 1:30P

Subcommittee Charge

ON: Adams, Neal Vice-Chair (Texas Higher Education Coordinating Board), Austin, TX
Flack, Teri Deputy Commissioner (Texas Higher Education Coordinating Board),
Austin, TX
Kline, Robert E. Executive Director (Bond Review Board), Austin, TX
Miller, John Analyst (LBB), Austin, TX
Owens, Greg Analyst (LBB), Austin, TX
Paredes, Dr. Raymund Commissioner (Texas Higher Education Coordinating Board),
Austin, TX
Shepard, Robert Chair (Texas Higher Education Coordinating Board), Austin, TX
Travis, Rick Analyst (LBB), Austin, TX
Wielmaker, John Analyst (LBB), Austin, TX

AGENDA

SENATE FINANCE SUBCOMMITTEE ON CAPITAL FUNDING FOR HIGHER EDUCATION SENATOR JUDITH ZAFFIRINI, CHAIR

THURSDAY, MAY 11, 2006, 2 P.M.
CAPITOL EXTENSION E1.036

- II. Call to Order
- II. Roll Call
- III. Committee Business

To consider the following:

SB 46 Zaffirini Relating to authorizing the issuance of revenue bonds or other obligations to fund capital projects at public institutions of higher education; making an appropriation.

A. Invited Testimony

1. Texas Higher Education Coordinating Board

Dr. Raymund Paredes, Commissioner
Teri Flack, Deputy Commissioner
Susan Brown, Assistant Commissioner for Planning and
Accountability

2. Texas A&M University System

3. The University of Texas System

4. University of Houston System

5. Texas State University System

6. University of North Texas System

7. Independent Universities

Texas Women's University
Midwestern State University
Stephen F. Austin State University
Texas Southern University

8. Texas Tech University System

9. Texas State Technical College System

B. Public Testimony

IV. Adjourn/Recess

MINUTES

SUBCOMMITTEE ON CAPITAL FUNDING FOR HIGHER EDUCATION

Thursday, May 11, 2006

2:00 p.m. or upon adjournment of the Senate Finance Committee
Capitol Extension, Room E1.036

Pursuant to suspension of Senate Rule 11.18, a public hearing of the Subcommittee on Capital Funding for Higher Education was held on Thursday, May 11, 2006, in the Capitol Extension, Room E1.036, at Austin, Texas.

MEMBERS PRESENT:

Senator Judith Zaffirini
Senator Robert Duncan
Senator Kyle Janek
Senator Steve Ogden
Senator Royce West

MEMBERS ABSENT:

None

The chair called the meeting to order at 2:16 p.m. There being a quorum present, the following business was transacted:

The chair laid out SB 46, and explained the bill. Witnesses testifying and registering regarding the bill are shown on the attached list.

Senator Duncan assumed the chair.

Testimony continued.

Senator West assumed the chair.

Testimony continued.

Senator Zaffirini resumed the chair.

Testimony continued.

The chair moved that the public testimony be closed; without objection, it was so ordered. Senator Zaffirini moved that SB 46 be left pending; without objection, it was so ordered.

There being no further business, at 5:30 p.m. Senator Zaffirini moved that the Subcommittee stand recessed subject to the call of the chair. Without objection, it was so ordered.

Senator Judith Zaffirini, Chair

Amy Jeter, Clerk

WITNESS LIST

S/C on Capital Funding for Higher Education Committee
May 11, 2006 - 2:00P

SB 46

FOR: Jones, Bill Law/Board Member (Texas A&M University System), Austin, TX

ON:

Ambrosino, Rosalie Provost and VP for Academic Affairs (UTSA),
San Antonio, TX
Brown, Susan Assistant Commissioner Planning and Accountability (Texas Higher
Education Coordinating Board), Austin, TX
Calhoun, MD, Kirk President (University of Texas Health Center at Tyler), Tyler, TX
Cardenas, Blandina Educator, President (UTPA), Edinburg, TX
Cigarroa, M.D., Francisco G. President (UT Health Science Center at San Antonio),
San Antonio, TX
Daniel, David E. President (UT Dallas), Dallas, TX
Flack, Teri Deputy Commissioner (Texas Higher Education Coordinating Board),
Austin, TX
Garcia, Juliet V. President (University of Texas at Brownsville), Brownsville
Gardner, David Associate Commissioner for Academic Excellence Research (Texas
Higher Education Coordinating Board), Austin, TX
Keck III, Ray M. University President (Texas A&M International University),
Laredo, TX
Leach, Leon Executive Vice President (UT MD Anderson), Houston, TX
Mabry, Rodney President (UT Tyler), Tyler, TX
Martin, Jose Provost (University of Texas at Brownsville), Brownsville, TX
McFarland, Keith President/CEO (Texas A&M University- Commerce),
Commerce, TX
McTeer, Robert D. Chancellor (The Texas A&M University System),
College Station, TX
Morton, Jack Vice Chancellor for Governmental Relations (University of North
Texas System), Austin, TX

Natalicio, Diana (University of Texas at El Paso), El Paso, TX
Owens, Greg Staff (LBB), Austin, TX
Paredes, Raymund Commissioner of Higher Education (Texas Higher Education Coordinating Board), Austin, TX
Perry, William L. Educator (Texas A&M University), College Station
Powers, Jr., William UT Austin President (UT Austin), Austin, TX
Romo, Ricardo President - UT San Antonio (UTSA), San Antonio, TX
Spaniolo, James D. President (UT Arlington), Arlington, TX
Watts, W. David President (UT Permian Basin), Odessa, TX
Yudof, Mark Chancellor (The University of Texas System), Austin, TX

Registering, but not testifying:

For: Cain, Randy Attorney (City of Round Rock), Round Rock, TX
Oliver, Harold Government Relations Consultant (City of San Antonio),
San Antonio, TX
Shield, Christopher S. Governmental Relations (Greater San Antonio Chamber of
Commerce), San Antonio, TX
On: Calfee, Laura Assistant Vice Chancellor (University of Houston System), Austin, TX
Garcia, Greg A. Texas A&M University System (TAMU -CC, TAMIU, TAMUK,
TAMU - SA), Austin, TX
Kennedy, Kerry UTSA VP for Business (University of Texas at San Antonio), San
Antonio, TX
Killebrew, Flavius C. President (Texas A&M University - Corpus Christi),
Corpus Christi, TX
Matthews, Charles R. Chancellor (Texas State University System), Austin, TX
Midkiff, Sabrina Chief Government Relations Officer (UT Health Science Center
Houston), Houston, TX
Miller, Roger Executive Director, External Affairs (Texas State Technical College
System), Austin, TX
Nelson, Barry C. VP - Finance and Administration (Texas A&M Health Science
Center), College Station, TX
O'Quinn, Michael V.P. Governmental Affairs (Texas A&M at Galveston), College
Station, TX
Phelps, Jeffrey Interim VP - Government Affairs (Texas A&M Health Science
Center), College Station, TX
Rejino, David (Tarleton State University, West Texas A&M, TAMU - Texarkana),
Austin, TX
Sanders, Mike Vice-Chancellor (Texas Tech University System), Lubbock, TX
Smith, Roland Vice Chancellor for Finance (Texas State University System),
Austin, TX
Stobo, John D. President (UTMB), Galveston, TX
Wildenthal, Kern President (UT Southwestern), Dallas, TX

Providing written testimony:

On: Stuart, Dr. Ann Chancellor and President (Texas Women's University), Denton, TX

SENATE
NOTICE OF PUBLIC HEARING

COMMITTEE: S/C on Capital Funding for Higher Education

TIME & DATE: 4:30PM Or upon adj or TBA at SFC
Friday, May 12, 2006

PLACE: E1.036

CHAIR: Senator Judith Zaffirini

To consider the following:

HB 153 Morrison / et al. SP: Zaffirini
Relating to authorizing the issuance of revenue bonds or other obligations to fund capital projects at public institutions of higher education.

SB 46 Zaffirini
Relating to authorizing the issuance of revenue bonds or other obligations to fund capital projects at public institutions of higher education; making an appropriation.

MINUTES

SUBCOMMITTEE ON CAPITAL FUNDING FOR HIGHER EDUCATION

Friday, May 12, 2006

4:30 p.m. or upon adjournment, or to be announced in the Senate

Finance Committee

Capitol Extension, Room E1.036

Pursuant to a notice posted in accordance with Senate Rule 11.18, a public hearing of the Subcommittee on Capital Funding for Higher Education was held on Friday, May 12, 2006, in the Capitol Extension, Room E1.036, at Austin, Texas.

MEMBERS PRESENT:

Senator Judith Zaffirini
Senator Robert Duncan
Senator Steve Ogden
Senator Royce West

MEMBERS ABSENT:

Senator Kyle Janek

The chair called the meeting to order at 5:00 p.m. There being a quorum present, the following business was transacted:

Senator Ogden assumed the chair.

The posting rule, Senate Rule 11.18, was suspended to hear the following bill(s): HB 153.

Witnesses testifying and registering on the bill are shown on the attached list. The chair moved that the public testimony be closed; without objection, it was so ordered.

Senator Zaffirini moved that HB 153 be left pending; without objection, it was so ordered.

Senator Zaffirini resumed the chair.

There was no action taken for the following bill(s): SB 46.

There being no further business, at 5:03 p.m. Senator Zaffirini moved that the Committee stand recessed subject to the call of the chair. Without objection, it was so ordered.

Senator Judith Zaffirini, Chair

Amy Jeter, Clerk

WITNESS LIST

S/C on Capital Funding for Higher Education Committee
May 12, 2006 - 4:30P

HB 153

Registering, but not testifying:

On:

Cigarroa, M.D., Francisco G. President (UT Health Science Center San Antonio),
San Antonio, TX
Garcia, Jose VP for Finance and Administration (Texas A&M International
University), Laredo, TX
Keck, Ray M. University President (Texas A&M International University),
Laredo, TX
Killebrew, Flavius C. President (Texas A&M University - Corpus Christi),
Corpus Christi, TX

SENATE
NOTICE OF PUBLIC HEARING

COMMITTEE: S/C on Capital Funding for Higher Education

TIME & DATE: 5:00PM, Sunday, May 14, 2006

PLACE: E1.036

CHAIR: Senator Judith Zaffirini

To consider the following:

HB 153 Morrison / et al. SP: Zaffirini
Relating to authorizing the issuance of revenue bonds or other obligations to fund capital projects at public institutions of higher education.

SB 46 Zaffirini
Relating to authorizing the issuance of revenue bonds or other obligations to fund capital projects at public institutions of higher education; making an appropriation.

MINUTES

SUBCOMMITTEE ON CAPITAL FUNDING FOR HIGHER EDUCATION

Sunday, May 14, 2006

5:00 p.m.

Capitol Extension, Room E1.036

Pursuant to a notice posted in accordance with Senate Rule 11.18, a public hearing of the Subcommittee on Capital Funding for Higher Education was held on Sunday, May 14, 2006, in the Capitol Extension, Room E1.036, at Austin, Texas.

MEMBERS PRESENT:

Senator Judith Zaffirini

Senator Kyle Janek

Senator Steve Ogden

MEMBERS ABSENT:

Senator Robert Duncan

Senator Royce West

The chair called the meeting to order at 5:00 p.m. There being a quorum present, the following business was transacted:

Senator Ogden assumed the chair.

The chair laid out HB 153, which had been left pending at a previous hearing. Senator Zaffirini sent up a committee substitute; the chair recognized Senator Zaffirini to explain the difference between the committee substitute and the bill as filed. Senator Zaffirini moved adoption of the committee substitute; without objection, it was so ordered. Senator Zaffirini moved that HB 153 do not pass but that CSHB 153 be reported to the Senate Finance Committee with the recommendation that it do pass and be printed. The motion carried with a record vote of 3 ayes, 0 nay, 0 present not voting, and 2 absent.

Senator Zaffirini resumed the chair.

There was no action taken for the following bill(s): SB 46.

There being no further business, at 5:10 p.m. Senator Zaffirini moved that the Committee stand recessed subject to the call of the chair. Without objection, it was so ordered.

Senator Judith Zaffirini, Chair

Amy Jeter, Clerk

AGENDA

SENATE FINANCE SUBCOMMITTEE ON CAPITAL FUNDING FOR HIGHER EDUCATION
SENATOR JUDITH ZAFFIRINI, CHAIR

THURSDAY, JUNE 29, 2006, 1:30 P.M. OR 30 MINUTES AFTER ADJOURNMENT
OF SENATE SUBCOMMITTEE ON HIGHER EDUCATION
CAPITOL EXTENSION E1.036

Interim Charge: Study capital funding for institutions of higher education, including tuition revenue bonds (looking at construction, renovation, and technology projects), PUF, and HEF funding issues. Review the state's current process of authorizing tuition revenue bonds. Make recommendations to streamline and objectify the process to ensure the authorizations of tuition revenue bonds meet the state's goals for higher education.

- I. Call to Order
- II. Roll Call
- III. Committee Business
 - A. Review of the Texas Higher Education Coordinating Board's methodology for rating tuition revenue bond projects
 1. Status Report and Analysis of House Bill 153:

Teri Flack, Deputy Commissioner, Texas Higher Education Coordinating Board

Susan Brown, Assistant Commissioner for Planning and Accountability, Texas Higher Education Coordinating Board
 2. Testimony from representatives from higher education institutions (according to accountability groupings):
 - a. Research
 - b. Research Emerging
 - c. Doctoral
 - d. Comprehensive
 - e. Master's
 - f. Health Related

B. Overview of Deferred Maintenance costs

Presentation of statewide data:

Teri Flack, Deputy Commissioner, Texas Higher Education Coordinating Board

Susan Brown, Assistant Commissioner for Planning and Accountability, Texas Higher Education Coordinating Board

C. Overview of HEF/PUF and update of fund balances:

John Wielmaker, Budget Analyst, Legislative Budget Board

D. Overview of capital funding for technology infrastructure

1. Presentation of campus technology use and infrastructure needs:

Steve Monti, Interim Executive Vice President and Provost Designate, UT Austin

Brian Chapman, Provost and Vice President for Academic Affairs, West Texas A&M University

Bill Pulliam, Chief Information Officer, West Texas A&M University

2. Overview of the reporting requirements of higher education institutions:

Gerry Caffey, Computing Services Group Manager, Legislative Budget Board

Dustin Lanier, Director of Strategic Initiatives, Department of Information Resources

3. Overview of the Lonestar Education and Research Network (LEARN):

Jim Williams, Executive Director, LEARN

IV. Public Testimony

V. Adjourn/Recess

MINUTES

SUBCOMMITTEE ON CAPITAL FUNDING FOR HIGHER EDUCATION

Thursday, June 29, 2006

1:30 p.m.

Capitol Extension, Room E1.036

Pursuant to a notice posted in accordance with Senate Rule 11.18, a public hearing of the Subcommittee on Capital Funding for Higher Education was held on Thursday, June 29, 2006, in the Capitol Extension, Room E1.036, at Austin, Texas.

MEMBERS PRESENT:	MEMBERS ABSENT:
Senator Judith Zaffirini	Senator Kyle Janek
Senator Robert Duncan	Senator Shapiro, Ex-Officio
Senator Steve Ogden	
Senator Royce West	

The chair called the meeting to order at 1:30 p.m. There being a quorum present, the following business was transacted:

Senator Ogden moved adoption of the minutes from the previous hearings held on March 23, 2006, May 11, 2006, May 12, 2006, and May 14, 2006; without objection, it was so ordered.

The Subcommittee heard invited testimony about the Subcommittee's Interim Charge: Study capital funding for institutions of higher education, including tuition revenue bonds (looking at construction, renovation, and technology projects), PUF, and HEF funding issues. Review the state's current process of authorizing tuition revenue bonds. Make recommendations to streamline and objectify the process to ensure the authorization of tuition revenue bonds meets the state's goals for higher education. Witnesses testifying and registering regarding the charge are shown on the attached list. There being no public testimony, the testimony was closed.

There being no further business, at 5:35 p.m. Senator Zaffirini moved that the Subcommittee stand recessed subject to the call of the chair. Without objection, it was so ordered.

Senator Judith Zaffirini, Chair

Amy Jeter, Clerk

Appendix B: House Bill 153

H.B. No. 153

AN ACT

relating to authorizing the issuance of revenue bonds or other obligations to fund capital projects at public institutions of higher education; making an appropriation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 55, Education Code, is amended by adding Sections 55.1751, 55.1752, 55.1753, 55.1754, 55.1755, 55.1756, 55.1757, 55.1758, 55.1759, 55.17591, and 55.17592 to read as follows:

Sec. 55.1751. THE TEXAS A&M UNIVERSITY SYSTEM; ADDITIONAL BONDS. (a) In addition to the other authority granted by this subchapter, the board of regents of The Texas A&M University System may acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects to be financed through the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board for the following institutions and facilities not to exceed the following aggregate principal amounts for the projects specified as follows:

(1) Tarleton State University:

(A) \$11,124,000 for the Tarleton State University Dairy Center; and

(B) \$24,300,000 for a nursing building;

(2) Texas A&M University--Central Texas, \$25 million for educational and related facilities;

(3) Texas A&M University--Commerce, \$21,770,000 for a music building;

(4) Texas A&M University--Corpus Christi, \$45 million for a nursing, health sciences, and kinesiology facility;

(5) Texas A&M University--Kingsville, \$9,540,000 for the citrus center building;

(6) Texas A&M University--San Antonio, \$40 million for educational and related facilities;

(7) Texas A&M University--Texarkana, \$75 million for a multipurpose library building and central plant;

(8) West Texas A&M University, \$16,200,000 for classroom center renovation;

(9) The Texas A&M University System Health Science Center, \$45 million for a medical education and research building in College Station, Texas;

(10) Texas A&M University, \$75 million for the Emerging Technologies Interdisciplinary Building;

(11) Texas A&M University at Galveston, \$40,050,000 for a science building; and

(12) Texas A&M International University:

(A) \$25 million for the student success center;

(B) \$4,950,000 for the completion of the fine arts theater; and

(C) \$7,626,600 for the Loop Road and Chill Water Loop project.

(b) The board may pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of an institution, branch, or entity of The Texas A&M University System, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of The Texas A&M University System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

(d) Notwithstanding Subsection (a), The Texas A&M University System may not issue bonds under this section for facilities at Texas A&M University--Central Texas until the Texas Higher Education Coordinating Board certifies that enrollment at Texas A&M University--Central Texas has reached an enrollment equivalent of 1,500 full-time students for one semester. If that enrollment is not reached by January 1, 2010, the system's authority to issue bonds for Texas A&M University--Central Texas under this section expires on that date.

(e) Notwithstanding Subsection (a), The Texas A&M University System may not issue bonds under this section for facilities at Texas A&M University--San Antonio until the Texas Higher Education Coordinating Board certifies that enrollment at Texas A&M University--San Antonio has reached an enrollment equivalent of 1,500 full-time students for one semester. If that enrollment is not reached by January 1, 2010, the system's authority to issue bonds for Texas A&M University--San Antonio under this section expires on that date.

Sec. 55.1752. THE UNIVERSITY OF TEXAS SYSTEM; ADDITIONAL BONDS. (a) In addition to the other authority granted by this subchapter, the board of regents of The University of Texas System may acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects to be financed through the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board for the following institutions not to exceed the following aggregate principal amounts for the projects specified as follows:

-
- (1) The University of Texas at Arlington, \$70,430,000 for an Engineering Research Building;
- (2) The University of Texas at Austin, \$105 million for the renovation of the Experimental Science Building;
- (3) The University of Texas at Brownsville, \$33,800,000 for a Science and Technology Learning Center;
- (4) The University of Texas at Dallas, \$12 million for a vivarium and experimental space;
- (5) The University of Texas at El Paso, \$76,500,000 for a physical sciences/engineering core facility;
- (6) The University of Texas--Pan American:
- (A) \$6 million for the Starr County Upper Level Center; and
- (B) \$39,796,000 for the fine arts academic and performance complex;
- (7) The University of Texas of the Permian Basin:
- (A) \$54 million for a science and technology complex; and
- (B) \$45 million for an arts convocation and classroom facility at the CEED;
- (8) The University of Texas at San Antonio, \$74,250,000 for an engineering building (phase II);
- (9) The University of Texas Southwestern Medical Center at Dallas, \$42 million for the north campus (phase 5);
- (10) The University of Texas Medical Branch at Galveston, \$57 million for the Galveston National Laboratory;
- (11) The University of Texas Health Science Center at Houston, \$60 million for a replacement building for The University of Texas Dental Branch at Houston;
- (12) The University of Texas Health Science Center at San Antonio, \$60 million for the South Texas Research Facility;
- (13) The University of Texas Health Science Center at Tyler, \$21,120,000 for an academic health center;
- (14) The University of Texas M. D. Anderson Cancer Center, \$40 million for a Center for Targeted Therapy research building; and
- (15) The University of Texas at Tyler:
- (A) \$6,300,000 for the expansion of the Palestine campus; and
- (B) \$43,200,000 for the completion, renovation, and expansion of engineering and sciences facilities.
- (b) The board may pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of an institution, branch, or entity of The University of Texas System, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of The University of Texas System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

Sec. 55.1753. UNIVERSITY OF HOUSTON SYSTEM; ADDITIONAL BONDS. (a) In addition to the other authority granted by this subchapter, the board of regents of the University of Houston System may acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for the following institutions, to be financed through the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board, in aggregate principal amounts not to exceed the following:

(1) the University of Houston, \$57,600,000 for renovation of science laboratories;

(2) the University of Houston--Clear Lake, \$10,604,808 for Arbor Building renovations and additions;

(3) the University of Houston--Downtown, \$31,626,000 for a classroom building at Shea Street; and

(4) the University of Houston--Victoria:

(A) \$22,900,000 for an academic building at the University of Houston System Center at Sugar Land;

(B) \$6,719,400 for regional economic development; and

(C) \$1,800,000 for allied health facilities.

(b) The board may pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of an institution, branch, or entity of the University of Houston System, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of the University of Houston System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

Sec. 55.1754. TEXAS STATE UNIVERSITY SYSTEM; ADDITIONAL BONDS. (a) In addition to the other authority granted by this subchapter, the board of regents of the Texas State University System may acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects to be financed through the issuance of bonds in accordance with this subchapter and in accordance with a

systemwide revenue financing program adopted by the board for the following institutions not to exceed the following aggregate principal amounts for the projects specified as follows:

(1) Lamar University, \$4,500,000 for renovations and additions to the Lucas Engineering Building;

(2) Lamar State College--Orange, \$1,837,280 for Hibernia Bank Building acquisition and renovation;

(3) Lamar State College--Port Arthur, \$1,849,500 for a computer/learning center;

(4) Texas State University--San Marcos:

(A) \$42,700,000 for an undergraduate academic center; and

(B) \$36 million for facilities for the Round Rock Higher Education Center in Williamson County (phase II); and

(5) Sam Houston State University, \$10 million for the construction of a center for the performing arts (phase I).

(b) The board may pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of an institution, branch, or entity of the Texas State University System, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of the Texas State University System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

Sec. 55.1755. UNIVERSITY OF NORTH TEXAS SYSTEM; ADDITIONAL BONDS. (a) In addition to the other authority granted by this subchapter, the board of regents of the University of North Texas System may acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects to be financed through the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board for the following institutions and facilities not to exceed the following aggregate principal amounts for the projects specified as follows:

(1) the University of North Texas, \$50 million for the construction of a College of Business Administration building;

(2) the University of North Texas Health Science Center at Fort Worth, \$41,972,400 for campus expansion and construction of a public health education building; and

(3) the University of North Texas Dallas Campus, \$25 million for a general academic building.

(b) The board may pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of an institution, branch, or entity of the University of North Texas System, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of the University of North Texas System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

(d) Notwithstanding Subsection (a), the University of North Texas System may not issue bonds under this section for facilities at the University of North Texas Dallas Campus until the Texas Higher Education Coordinating Board certifies that enrollment at the University of North Texas Dallas Campus has reached an enrollment equivalent of 1,500 full-time students for one semester. If that enrollment is not reached by January 1, 2010, the system's authority to issue bonds for the University of North Texas Dallas Campus under this section expires on that date.

Sec. 55.1756. TEXAS WOMAN'S UNIVERSITY. (a) In addition to the other authority granted by this subchapter, the board of regents of Texas Woman's University may acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for renovations and additions to the science building on the Denton campus of Texas Woman's University, to be financed through the issuance of bonds in accordance with this subchapter in an aggregate principal amount not to exceed \$21,739,712.

(b) The board may pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of Texas Woman's University, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

Sec. 55.1757. MIDWESTERN STATE UNIVERSITY; ADDITIONAL BONDS. (a) In addition to the other authority granted by this subchapter, the board of regents of Midwestern State University may acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects at Midwestern State University, to be financed through the issuance of bonds in accordance with this subchapter not to exceed the following aggregate principal amounts for the projects specified as follows:

(1) \$7,700,000 for the renovation of the D. L. Ligon Building; and

(2) \$2,700,000 for the Fowler Engineering Building.

(b) The board may pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of Midwestern State University, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

Sec. 55.1758. STEPHEN F. AUSTIN STATE UNIVERSITY. (a) In addition to the other authority granted by this subchapter, the board of regents of Stephen F. Austin State University may acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects at Stephen F. Austin State University, to be financed through the issuance of bonds in accordance with this subchapter not to exceed the following aggregate principal amounts for the projects specified as follows:

(1) \$20,178,000 for an education research facility; and

(2) \$10 million for a campus deferred maintenance reduction plan.

(b) The board may pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of Stephen F. Austin State University, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

Sec. 55.1759. TEXAS TECH UNIVERSITY SYSTEM; ADDITIONAL BONDS. (a) In addition to the other authority granted by this subchapter, the board of regents of the Texas Tech University System may acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects to be financed through the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board not to exceed the following aggregate principal amounts for the projects specified as follows:

(1) Texas Tech University Health Sciences Center:

(A) \$8,010,000 for the School of Pharmacy expansion in Amarillo;

(B) \$18 million for the Amarillo research facility; and

(C) \$6,300,000 for the El Paso Medical Science Building renovation; and

(2) Texas Tech University:

(A) \$25 million for the renovation of a classroom building;

(B) \$25 million for the Rawls College of Business Administration building; and

(C) \$7,500,000 for a law school trial advocacy/education center.

(b) The board may pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of an institution, branch, or entity of the Texas Tech University System, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of the Texas Tech University System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

Sec. 55.17591. TEXAS SOUTHERN UNIVERSITY; ADDITIONAL BONDS. (a) In addition to the other authority granted by this subchapter, the board of regents of Texas Southern University may acquire, purchase, construct, improve, renovate, enlarge, or equip facilities, including roads and related infrastructure, for projects at Texas Southern University, to be financed through the issuance of bonds in accordance with this subchapter not to exceed the following aggregate principal amounts for the projects specified as follows:

(1) \$31,500,000 for the School of Science and Technology; and

(2) \$15 million for a branch campus multipurpose Academic Center (MAC).

(b) The board may pledge irrevocably to the payment of bonds authorized by this section all or any part of the revenue funds of Texas Southern University, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) Notwithstanding Subsection (a), the board of regents of Texas Southern University may not issue bonds under this section for a branch campus multipurpose Academic Center (MAC) until the Texas Higher Education Coordinating Board grants Texas Southern University the approval to operate the branch campus. If approval to operate the branch campus is not granted by January 1, 2010, the board of regents' authority to issue bonds for a multipurpose Academic Center (MAC) under this section expires on that date.

Sec. 55.17592. TEXAS STATE TECHNICAL COLLEGE SYSTEM. (a) In addition to the other authority granted by this subchapter, the board of regents of the Texas State Technical College System may acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure, for HVAC replacement at Texas State Technical College--Waco, to be financed by the issuance of

bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board, in an aggregate principal amount not to exceed \$3,125,520.

(b) The board may pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of the Texas State Technical College System, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of the Texas State Technical College System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

SECTION 2. Subchapter B, Chapter 55, Education Code, is amended by adding Section 55.17521 to read as follows:

Sec. 55.17521. THE UNIVERSITY OF TEXAS AT DALLAS: LIMITATIONS ON CERTAIN DEBT SERVICE REIMBURSEMENT. The state may not appropriate money to reimburse The University of Texas System for debt service on long-term obligations related to the construction of a natural science and engineering research building at The University of Texas at Dallas in accordance with the economic development agreement entered into between this state and the board of regents of the system in excess of the following amounts:

- (1) for a state fiscal year before the state fiscal year ending August 31, 2018, \$6,540,600;
- (2) for the state fiscal year ending August 31, 2018, \$6,213,570;
- (3) for the state fiscal year ending August 31, 2019, \$5,559,510;
- (4) for the state fiscal year ending August 31, 2020, \$4,905,450;
- (5) for the state fiscal year ending August 31, 2021, \$4,251,390;
- (6) for the state fiscal year ending August 31, 2022, \$3,597,330;
- (7) for the state fiscal year ending August 31, 2023, \$2,616,240;
- (8) for the state fiscal year ending August 31, 2024, or August 31, 2025, \$1,308,120; and
- (9) for the state fiscal year ending August 31, 2026, or August 31, 2027, \$654,060.

SECTION 3. Section 61.0572(e), Education Code, is amended to read as follows:

(e) Approval of the board is not required to acquire real property that is financed by bonds issued under Section 55.17(e)(3) or (4), 55.1713-55.1718, 55.1721-55.1728, 55.1735(a)(1), 55.174, 55.1742, 55.1743, ~~or~~ 55.1744, or

55.1751-55.17592, except that the board shall review all real property to be financed by bonds issued under those sections to determine whether the property meets the standards adopted by the board for cost, efficiency, and space use. If the property does not meet those standards, the board shall notify the governor, the lieutenant governor, the speaker of the house of representatives, and the Legislative Budget Board.

SECTION 4. Section 61.058(b), Education Code, is amended to read as follows:

(b) This section does not apply to construction, repair, or rehabilitation financed by bonds issued under Section 55.17(e)(3) or (4), 55.1713-55.1718, 55.1721-55.1728, 55.174, 55.1742, 55.1743, ~~55.1744~~, or 55.1751-55.17592, except that the board shall review all construction, repair, or rehabilitation to be financed by bonds issued under those sections to determine whether the construction, rehabilitation, or repair meets the standards adopted by board rule for cost, efficiency, and space use. If the construction, rehabilitation, or repair does not meet those standards, the board shall notify the governor, the lieutenant governor, the speaker of the house of representatives, and the Legislative Budget Board.

SECTION 5. Section 1371.001(4), Government Code, is amended to read as follows:

(4) "Issuer" means:

(A) a home-rule municipality that:

(i) adopted its charter under Section 5, Article XI, Texas Constitution;

(ii) has a population of 50,000 or more; and

(iii) has outstanding long-term indebtedness that is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for a long-term obligation;

(B) a conservation and reclamation district created and organized as a river authority under Section 52, Article III, or Section 59, Article XVI, Texas Constitution;

(C) a joint powers agency organized and operating under Chapter 163, Utilities Code;

(D) a metropolitan rapid transit authority or regional transportation authority created, organized, and operating under Chapter 451 or 452, Transportation Code;

(E) a conservation and reclamation district organized or operating as a navigation district under Section 52, Article III, or Section 59, Article XVI, Texas Constitution;

(F) a district organized or operating under Section 59, Article XVI, Texas Constitution, that has all or part of two or more municipalities within its boundaries;

(G) a state agency, including a state institution of higher education;

- (H) a hospital authority created or operating under Chapter 262 or 264, Health and Safety Code, in a county that:
- (i) has a population of more than 3.3 million; or
 - (ii) is included, in whole or in part, in a standard metropolitan statistical area of this state that includes a county with a population of more than 2.2 million;
- (I) a hospital district in a county that has a population of more than two million;
- (J) a nonprofit corporation organized to exercise the powers of a higher education loan authority under Section 53B.47(e), Education Code;
- (K) a county:
- (i) that has a population of 3.3 million or more; or
 - (ii) that, on the date of issuance of obligations under this chapter, has authorized, outstanding, or any combination of authorized and outstanding, indebtedness of at least \$100 million secured by and payable from the county's ad valorem taxes and the authorized long-term indebtedness of which is rated by a nationally recognized rating agency of securities issued by local governments in one of the four highest rating categories for a long-term obligation;
- (L) an independent school district that has an average daily attendance of 50,000 or more as determined under Section 42.005, Education Code;
- (M) a municipality or county operating under Chapter 334, Local Government Code; ~~or~~
- (N) a district created under Chapter 335, Local Government Code; or
- (O) a junior college district that has a total headcount enrollment of 40,000 or more based on enrollment in the most recent regular semester.

SECTION 6. UNIVERSITY OF TEXAS AT DALLAS: REIMBURSEMENT FOR CERTAIN DEBT SERVICE. In addition to other amounts previously appropriated for the state fiscal biennium ending August 31, 2007, the amount of \$5.3 million is appropriated out of the general revenue fund to The University of Texas System for the remainder of the state fiscal biennium ending August 31, 2007, for the purpose of addressing the demonstrated need for science and engineering research facilities at The University of Texas at Dallas by reimbursing The University of Texas System for debt service paid on the long-term obligations related to the construction of a natural science and engineering research building at The University of Texas at Dallas in accordance with the economic development agreement entered into between this state and the board of regents of the system. Of the amount appropriated by this section, at least \$1.2 million shall be expended for the purpose of reimbursing debt service payments made during the remainder of the state fiscal year ending August 31, 2006.

SECTION 7. This Act does not affect any authority or restriction regarding the activities that a public institution of higher education may conduct in connection with a facility financed by bonds authorized by this Act.

SECTION 8. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect on the 91st day after the last day of the legislative session.

President of the Senate

Speaker of the House

I certify that H.B. No. 153 was passed by the House on May 11, 2006, by the following vote: Yeas 141, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 153 on May 15, 2006, by the following vote: Yeas 140, Nays 3, 1 present, not voting; passed subject to the provisions of Article III, Section 49a, of the Constitution of the State of Texas.

Chief Clerk of the House

I certify that H.B. No. 153 was passed by the Senate, with amendments, on May 14, 2006, by the following vote: Yeas 29, Nays 0, 1 present, not voting; passed subject to the provisions of Article III, Section 49a, of the Constitution of the State of Texas.

Secretary of the Senate

I certify that the amounts appropriated in the herein H.B. No. 153, 3rd Called Session of the 79th Legislature, are within amounts estimated to be available in the affected fund.

Certified _____

Comptroller of Public Accounts

APPROVED: _____

Date

Governor

Appendix C: House Bill 153 Project Scoring Under New Methodology

Appendix C: House Bill 153 Project Scoring Under New Methodology

Type	Institute	Institutional Rank- ing	No. of Proj.	Project Name	Primary Facility Type	Total Project Cost	Tuition Revenue Bond Request	Total Points
New	The University of Texas Medical Branch at Galveston	1	1	Galveston National Laboratory	Research	\$167,090,673	\$57,000,000	63
R&R	The University of Texas at Austin	1	1	Experimental Science Building (ESB) Renovation	Laboratory, General	\$125,000,000	\$105,000,000	58
R&R	University of Houston	2	4	Texas Medical Center Teaching & Research Center	Laboratory, Medical/Healthcare	\$86,000,000	\$86,000,000	57
R&R	University of Houston	1	4	Renovate Science Laboratories	Research	\$64,000,000	\$64,000,000	56
New	The University of Texas at Arlington	1	1	Engineering Research Building	Research	\$80,430,000	\$70,430,000	55
New	The Texas A&M University System Health Science Center	1	4	Medical Education and Research Building	Classroom, Medical/Healthcare	\$60,000,000	\$45,000,000	55
New	The University of Texas Health Science Center at Houston	1	3	Dental Branch Replacement Building	Healthcare Facility, Clinic	\$110,540,000	\$90,000,000	54
R&R	West Texas A&M University	2	2	Engineering Building Renovation	Classroom, General	\$10,581,000	\$10,581,000	54
New	The University of Texas Health Science Center at San Antonio	1	4	South TX Research Facility	Research	\$150,000,000	\$60,000,000	54
New	The University of Texas Health Science Center at San Antonio	3	4	Faculty Office Building	Research	\$20,000,000	\$20,000,000	53
New	The University of Texas Southwestern Medical Center at Dallas	1	1	North Campus Phase 5	Research Facility	\$126,000,000	\$42,000,000	53
New	The University of Texas at Brownsville	1	1	Science and Technology Learning Center	Classroom, General	\$57,800,000	\$33,800,000	53
New	University of Houston	3	4	J. Davis Armistead - Optometry Admn. & Neuroscience Research	Laboratory, Medical/Healthcare	\$37,000,000	\$37,000,000	53
New	Texas Tech Health Sciences Center	3	6	HSC Biomedical Research Facility	Laboratory, Medical/Healthcare	\$30,000,000	\$20,000,000	52
New	Tarleton State University	1	3	Nursing Building	Classroom, Medical/Healthcare	\$27,000,000	\$27,000,000	52
New	Texas Southern University	1	7	School of Science And Technology	Classroom, General	\$35,000,000	\$35,000,000	52
New	University of Houston	4	4	Bauer College of Business Building Addition	Office, General	\$33,000,000	\$33,000,000	52
New	Texas A&M International	1	4	Student Success Center	Classroom, General	\$25,000,000	\$25,000,000	52
R&R	Texas Tech Health Sciences Center	4	6	El Paso Medical Science Bldg. Renovation	Laboratory, Medical/Healthcare	\$8,000,000	\$7,000,000	51
R&R	Texas Tech Health Sciences Center	2	6	Amarillo Research Facility	Laboratory, Medical/Healthcare	\$18,100,000	\$12,000,000	51
New	The University of Texas Health Science Center at Houston	3	3	Research Expansion Phase 3 (School of Public Health)	Classroom, General	\$40,000,000	\$15,000,000	51
R&R	Midwestern State University	3	7	Fowler/Engineering Building	Classroom, General	\$6,000,000	\$3,000,000	51
New	Texas Southern University	2	7	Robert Terry Library	Library/Study Facilities	\$46,000,000	\$46,000,000	51
R&R	The University of Texas at Tyler	1	6	Completion/Renovation/Expansion for Engineering, Sciences Center for Performing Arts (Phase I)	Classroom, General	\$48,000,000	\$48,000,000	50
New	Sam Houston State University	1	1	Math, Science and Engineering Teaching-Learning Center	Classroom, General	\$20,000,000	\$10,000,000	50
New	The University of Texas at Dallas	4	7	Computer/Learning Center	Classroom, General	\$27,000,000	\$27,000,000	50
New	Lamar State College - Port Arthur	1	2	College of Engineering Expansion & Renovation	Classroom, General	\$2,055,000	\$2,055,000	50
R&R	Texas Tech University	3	5	Technical Arts Facilities Renovation	Classroom, General	\$70,000,000	\$50,000,000	49
R&R	Lamar Institute of Technology	1	1	Emerging Technologies Interdisciplinary Building	Classroom, General	\$5,150,000	\$4,200,000	49
New	Texas A&M University	1	2	University of Houston System Center at Sugarland Academic Building	Laboratory, General	\$100,000,000	\$75,000,000	49
New	Tarleton State University	3	3	Hayes Biology Renovation & Addition	Laboratory, General	\$12,360,000	\$12,360,000	49
New	University of Houston - Victoria	1	4	Undergraduate Academic Center	Classroom, General	\$35,000,000	\$22,900,000	49
R&R	Lamar University	3	9	Round Rock Higher Education Center Phase II	Laboratory, General	\$6,000,000	\$6,000,000	48
New	Texas State University - San Marcos	1	3	Property and Public Health Education Building	Classroom, General	\$47,700,000	\$42,700,000	48
New	Texas State University - San Marcos	2	3	Music Building	Classroom, Medical/Healthcare	\$40,000,000	\$40,000,000	48
New	University of North Texas Health Science Center at Fort Worth	1	1	Music Building	Classroom, Medical/Healthcare	\$46,636,000	\$41,972,400	48
New	Texas A&M University - Commerce	1	2	Music Building	Classroom, General	\$29,607,000	\$21,770,000	48
R&R	Texas A&M University - Kingsville	3	4	Music Building	Classroom, General	\$8,450,000	\$8,450,000	47
R&R	Lamar University	1	9	Lucas Engineering Building Renovation and Addition	Classroom, General	\$5,000,000	\$5,000,000	47

Appendix C: House Bill 153 Project Scoring Under New Methodology

Type	Institute	Institutional Rank	No. of Proj.	Project Name	Primary Facility Type	Total Project Cost	Tuition Revenue Bond Request	Total Points
New	The University of Texas Health Science Center at San Antonio	2	4	Center for Academic Medicine and Clinical Research	Laboratory, Medical/Healthcare	\$26,000,000	\$20,000,000	47
New	The University of Texas Health Science Center at Houston	2	3	Biomedical Research and Education Facility	Research	\$62,000,000	\$41,100,000	47
New	Texas A&M University at Galveston	1	1	Science Building	Research	\$50,000,000	\$50,000,000	47
R&R	Midwestern State University	4	7	Bolin Science Hall Renovation	Classroom, General	\$1,000,000	\$1,000,000	47
R&R	Stephen F. Austin State University	3	5	Campus Deferred Maintenance Reduction Plan	Classroom, General	\$17,725,000	\$17,725,000	46
New	Texas Tech University	4	5	Rawls College of Business Administration Building	Classroom, General	\$60,000,000	\$25,000,000	46
New	The University of Texas of the Permian Basin	1	3	Science and Technology Complex	Laboratory, General	\$56,000,000	\$54,000,000	46
New	Texas A&M International	3	4	Fine Arts Theater Completion	Auditorium/Theater	\$5,500,000	\$5,500,000	46
New	University of North Texas	2	3	Life Science Building	Research	\$40,000,000	\$30,000,000	46
R&R	Sul Ross State University	1	3	Industrial Technology Building Renovation	Classroom, General	\$4,845,000	\$4,845,000	45
R&R	Texas Tech University	5	5	Classroom Building Renovation	Classroom, General	\$25,000,000	\$25,000,000	45
R&R	Lamar University	4	9	Music Building Renovation	Classroom, General	\$4,000,000	\$4,000,000	45
New	The University of Texas at El Paso	2	2	College of Health Sciences Complex	Laboratory, Medical/Healthcare	\$70,000,000	\$70,000,000	45
New	The University of Texas at El Paso	1	2	Physical Sciences/Engineering Core Facility	Laboratory, General	\$85,000,000	\$85,000,000	45
New	The University of Texas at San Antonio	1	2	Engineering Building, Phase II	Laboratory, General	\$82,500,000	\$82,500,000	45
New	Midwestern State University	2	7	Performing Arts Center	Classroom, General	\$9,000,000	\$3,000,000	45
R&R	West Texas A&M University	1	2	Classroom Center Renovation	Classroom, General	\$18,000,000	\$18,000,000	44
R&R	Lamar University	7	9	Tom Maes Building Renovation	Classroom, General	\$4,000,000	\$4,000,000	44
R&R	Lamar University	8	9	Health & Human Performance Complex Renovation	Classroom, General	\$2,500,000	\$2,500,000	44
New	The University of Texas - Pan American	4	4	Starr County Upper Level Center	Classroom, General	\$7,500,000	\$7,500,000	44
New	Lamar University	5	9	Administration Services Building	Office, General	\$7,000,000	\$7,000,000	44
New	The University of Texas - Pan American	1	4	Research Facility Addition to Science Complex	Research	\$16,400,000	\$16,400,000	44
New	Texas A&M University	2	2	Engineering Science Interdisciplinary Building	Laboratory, General	\$100,000,000	\$75,000,000	44
R&R	The University of Texas at Dallas	6	7	McDermott Library Renovation	Library/Study Facilities	\$9,000,000	\$9,000,000	44
New	University of North Texas	1	3	College of Business Administration Building	Classroom, General	\$60,000,000	\$50,000,000	44
Infra-structure	The University of Texas at Dallas	5	7	Campus Infrastructure	Infrastructure	\$23,000,000	\$23,000,000	44
Infra-structure	Lamar State College - Port Arthur	2	2	Campus Central Plant	Infrastructure	\$1,500,000	\$1,500,000	44
Infra-structure	The University of Texas at Dallas	7	7	Infrastructure - Vehicular Traffic	Roads/Streets	\$8,000,000	\$8,000,000	44
Infra-structure	University of North Texas	3	3	Utility Plant	Infrastructure	\$44,000,000	\$30,000,000	44
R&R	Texas A&M University - Kingsville	2	4	Campus Wide Renovation - Rhode Hall	Classroom, General	\$8,300,000	\$6,300,000	43
New	Texas State University - San Marcos	3	3	Fine Arts and Communication Center	Auditorium/Theater	\$50,000,000	\$37,250,000	43
New	Stephen F. Austin State University	2	5	Education Research Facility	Classroom, General	\$25,222,500	\$25,222,500	43
New	The University of Texas - Pan American	2	4	College of Business Addition and Alterations	Classroom, General	\$15,500,000	\$15,500,000	43
New	The University of Texas of the Permian Basin	2	3	Academic Building Phase I and Campus Convocation Center	Classroom, General	\$51,000,000	\$45,000,000	43
New	The University of Texas at Tyler	1	6	Expansion of the UT Tyler Palestine Campus	Classroom, Medical/Healthcare	\$7,000,000	\$7,000,000	43
R&R	Midwestern State University	1	7	D. L. Ligon Building Renovation	Classroom, General	\$11,889,000	\$10,700,000	43
R&R	Midwestern State University	5	7	Campus Roofs - Repair and Replacement	Library/Study Facilities	\$500,000	\$500,000	43
Infra-structure	Midwestern State University	6	7	University Parking Lots and Road Repair	Infrastructure	\$1,500,000	\$1,500,000	43
R&R	University of Houston - Clear Lake	1	3	Arbor Renovations And Addition	Classroom, General	\$11,783,120	\$11,783,120	42
New	Texas Tech Health Sciences Center	1	6	El Paso Medical Science Bldg II	Laboratory, Medical/Healthcare	\$95,000,000	\$95,000,000	42

Appendix C: House Bill 153 Project Scoring Under New Methodology

Type	Instname	Institutional Rank-	No. of Proj.	Project Name	Primary Facility Type	Total Project Cost	Tuition Revenue Bond Request	Total Points
New	Texas A&M University - Kingsville	4	4	Natural Resources Building	Classroom, General	\$17,600,000	\$17,600,000	42
New	The University of Texas - Pan American	3	4	Fine Arts Academic and Performance Complex	Classroom, General	\$49,745,000	\$49,745,000	42
R&R	Texas A&M University - Commerce	2	2	Library Renovation	Library/Study Facilities	\$21,760,000	\$16,000,000	42
R&R	Texas Woman's University	1	1	Science Building - Denton Campus Renovation & Addition	Laboratory, General	\$24,155,235	\$24,155,235	42
New	The Texas A&M University System Health Science Center	2	4	Nursing & Health Professions Education Center	Classroom, Medical/Healthcare	\$68,750,000	\$51,562,500	42
Purchase	The University of Texas Health Science Center at San Antonio	4	4	Land Purchase for Regional Academic Health Center	Land Purchase	\$10,000,000	\$10,000,000	41
New	Texas Tech University	2	5	Law School Trial Advocacy/Education Ctr	Auditorium/Theater	\$13,500,000	\$7,500,000	41
Infra-structure	Texas State Technical College - Harlingen	3	5	Development of Sidewalks, Landscape, Lighting, & Irrigation	Infrastructure	\$760,000	\$760,000	41
New	The University of Texas at Dallas	3	7	Student Services Building	Student Center	\$27,500,000	\$23,650,000	41
New	The Texas A&M University System Health Science Center	3	4	Dental Education and Research Building	Classroom, Medical/Healthcare	\$80,000,000	\$60,000,000	41
New	The Texas A&M University System Health Science Center	4	4	Health Professions Education Building-Temple	Classroom, Medical/Healthcare	\$60,000,000	\$45,000,000	41
New	Stephen F. Austin State University	1	5	Nursing Building	Classroom, Medical/Healthcare	\$14,483,000	\$14,483,000	40
New	Texas A&M University - Corpus Christi	2	4	College of Business Academic Facility	Classroom, General	\$25,000,000	\$20,000,000	40
New	The University of Texas at Tyler	4	6	Expansion of the Longview University Center	Classroom, General	\$6,000,000	\$6,000,000	40
R&R	Lamar State College - Orange	1	1	Hibernia Bank Building Acquisition and Renovation	Acquisition	\$2,114,280	\$1,837,280	40
R&R	Prairie View A&M University	1	2	Deferred Maintenance	Physical Plant	\$15,000,000	\$15,000,000	40
New	Texas Southern University	5	7	Fine Arts Building	Auditorium/Theater	\$45,000,000	\$45,000,000	40
R&R	Lamar University	9	9	Art Building Renovation	Laboratory, General	\$2,500,000	\$2,500,000	39
New	The University of Texas Health Center at Tyler	1	1	Academic Health Center	Healthcare Facility, Clinic	\$29,000,000	\$26,400,000	39
New	The University of Texas at Tyler	3	6	Classroom Building	Classroom, General	\$35,000,000	\$35,000,000	39
New	Lamar University	2	9	Facilities Management Complex	Physical Plant	\$10,000,000	\$10,000,000	39
New	The University of Texas at San Antonio	2	2	Math, Science, and Technology Classroom Building	Classroom, General	\$75,000,000	\$75,000,000	39
New	University of Houston - Victoria	2	4	Regional Economic Coalition Building	Office, General	\$8,700,000	\$7,466,000	39
Infrastructure	Tarleton State University	3	3	Central Plant Loop	Infrastructure	\$27,000,000	\$27,000,000	39
R&R	Texas State Technical College - West Texas	1	2	Remodel Brownwood Center	Laboratory, General	\$2,191,750	\$1,972,575	38
R&R	Texas A&M University - Kingsville	1	4	Citrus Center Building	Laboratory, General	\$10,600,000	\$10,600,000	38
R&R	The University of Texas at Tyler	5	6	Renovation of the Cowan Center	Auditorium/Theater	\$1,140,000	\$1,140,000	38
R&R	The University of Texas at Tyler	6	6	Renovation of Physical Plant	Physical Plant	\$1,860,000	\$1,860,000	38
New	The University of Texas M.D. Anderson Cancer Center	1	1	Center for Targeted Therapy Research Building	Research	\$70,000,000	\$40,000,000	38
R&R	The University of Texas at Dallas	2	7	Vivarium and Experimental Space	Research	\$15,000,000	\$15,000,000	38

Appendix C: House Bill 153 Project Scoring Under New Methodology

Type	Instname	Institutional Rank- ing	No. of Proj.	Project Name	Primary Facility Type	Total Project Cost	Tuition Revenue Bond Request	Total Points
New	The University of Texas at Dallas	1	7	Natural Science and Engineering Research Building	Research	\$85,000,000	\$85,000,000	38
New	University of Houston - Downtown	1	3	New Classroom Building at Shea Street	Classroom, General	\$35,140,000	\$35,140,000	38
R&R	Texas State Technical College - Waco	1	3	HVAC Replacement	Classroom, General	\$3,472,800	\$3,472,800	37
R&R	Sul Ross State University	2	3	Lawrence Hall Renovation/Conversion	Office, General	\$2,000,000	\$2,000,000	37
New	Texas State Technical College - Waco	3	3	Learning Services Center	Library/Study Facilities	\$10,000,000	\$10,000,000	37
Infrastructure	Sul Ross State University	3	3	Renovate and Replace Underground Utilities	Infrastructure	\$3,800,000	\$3,800,000	37
R&R	Texas Southern University	7	7	Deferred Maintenance Projects	Auditorium/Theater	\$15,000,000	\$15,000,000	37
R&R	University of Houston - Downtown	2	3	Library Expansion	Library/Study Facilities	\$3,500,000	\$3,500,000	37
New	Stephen F. Austin State University	5	5	Physical Plant/Campus Services Complex	Physical Plant	\$22,904,500	\$19,450,000	36
New	Texas A&M University - Corpus Christi	1	4	Nursing/Health Sciences/Kinesiology Facility	Classroom, General	\$50,000,000	\$50,000,000	36
Infrastructure	Texas State Technical College - Harlingen	2	5	Construction of Streets	Roads/Streets	\$1,410,000	\$1,410,000	36
New	University of Houston - Victoria	3	4	Student and Administrative Support	Office, General	\$8,500,000	\$7,564,000	36
R&R	Lamar University	6	9	Renovation and Addition to University Theatre	Auditorium/Theater	\$3,000,000	\$3,000,000	35
New	Texas Tech Health Sciences Center	5	6	School of Pharmacy Expansion - Amarillo	Classroom, Medical/Healthcare	\$8,900,000	\$8,900,000	35
New	Texas Tech Health Sciences Center	6	6	School of Pharmacy - Dallas	Classroom, Medical/Healthcare	\$4,600,000	\$4,600,000	35
New	University of Houston - Clear Lake	3	3	Police Department Administration	Physical Plant	\$1,704,805	\$1,704,805	34
R&R	Midwestern State University	7	7	McGaha Building Renovation	Classroom, General	\$300,000	\$300,000	34
R&R	Texas State Technical College - West, Texas	2	2	Remodel Abilene Center	Classroom, General	\$1,811,758	\$1,811,758	33
New	Texas A&M University - Corpus Christi	3	4	Library Addition	Library/Study Facilities	\$10,000,000	\$10,000,000	33
New	Texas A&M University - Texarkana	1	1	Multipurpose Library Building and Central Plant	Library/Study Facilities	\$109,330,700	\$75,000,000	33
New	University of Houston - Victoria	4	4	Allied Health	Office, General	\$2,000,000	\$1,800,000	33
R&R	Stephen F. Austin State University	4	5	SFA Theater Renovation	Auditorium/Theater	\$6,274,500	\$6,274,500	32
Infrastructure	Texas State Technical College - Waco	2	3	Lighting & Utility Replacement	Infrastructure	\$4,000,500	\$4,000,500	32
Infrastructure	Texas Southern University	6	7	Campus Infrastructure Project	Infrastructure	\$33,000,000	\$33,000,000	32
R&R	Texas State Technical College - Harlingen	1	5	Demolition of World War II Era Bldgs. & Portable Bldgs.	Demolition	\$1,115,000	\$1,115,000	31
R&R	Angelo State University	2	7	Hardeman One-Stop Center	Office, General	\$3,600,000	\$2,100,000	30
R&R	Texas A&M International	2	4	Kinesiology Completion	Classroom, General	\$1,026,000	\$1,026,000	29
Infrastructure	Texas A&M International	4	4	Loop Road and Chill Water Loop	Roads/Streets	\$8,474,000	\$8,474,000	29
New	Texas A&M University - Corpus Christi	4	4	Performing Arts Center - Phase II	Auditorium/Theater	\$11,000,000	\$10,000,000	28
New	University of Houston - Clear Lake	2	3	Animal Care Facility(Vivarium)	Laboratory, General	\$3,472,230	\$3,472,230	28
New	Texas State Technical College - Harlingen	5	5	Construction of Academics Building	Classroom, General	\$4,000,000	\$4,000,000	27
New	Prairie View A&M University	2	2	Child & Family Development Center	Classroom, General	\$10,097,000	\$10,097,000	27
R&R	Angelo State University	5	7	Administration Building Renovation	Office, General	\$4,770,000	\$4,770,000	25
New	Angelo State University	6	7	Archive Warehouse	Warehouse	\$1,500,000	\$1,500,000	25
Infrastructure	Angelo State University	1	7	Infrastructure Improvements	Infrastructure	\$13,725,000	\$13,725,000	25
Infrastructure	Angelo State University	5	7	Campus Signage	Infrastructure	\$750,000	\$750,000	25
R&R	Texas Southern University	4	7	Research Center on Human and Materials Science Performance	Research	\$5,000,000	\$5,000,000	24
New	Texas State Technical College - Marshall	1	1	Diesel Equipment Technology Building	Laboratory, General	\$2,300,000	\$2,300,000	22

Type	Instname	Institutional Rank- ing	No. of Proj.	Project Name	Primary Facility Type	Total Project Cost	Tuition Revenue Bond Request	Total Points
Infrastruc ture	Texas State Technical College - Harlingen	4	5	Development of Signage and Wayfinding	Grounds	\$200,000	\$200,000	21
Infrastruc ture	Angelo State University	6	7	Fire and Safety Upgrades	Infrastructure	\$1,000,000	\$1,000,000	20
New	Angelo State University	7	7	Property Acquisitions	Acquisition	\$4,000,000	\$4,000,000	10
System Centers	Texas A&M University System	2	2	Texas A&M University - Central Texas	Classroom, General	\$46,700,000	\$45,000,000	18
System Centers	University of North Texas System	1	2	University of North Texas - Dallas Campus General Academic Building	Classroom, General	\$38,000,000	\$38,000,000	17
System Centers	Texas A&M University System	1	2	Texas A&M University - San Antonio	Classroom, General	\$121,715,000	\$91,715,000	17
Authoriza tion Issues	Texas Southern University	3	7	Multi-Purpose Academic Center (MAC)	Classroom, General	\$30,400,000	\$30,000,000	39
Authoriza tion Issues	University of Houston - Downtown	3	3	Northwest Corridor Teaching Center	Classroom, General	\$16,000,000	\$16,000,000	15
Authoriza tion Issues	University of North Texas System	2	2	University of North Texas Dallas Law School	Classroom, General	\$40,200,000	\$20,200,000	17
TOTAL -- ALL PROJECTS							\$3,750,948,203	

Appendix D: House Bill 153 Debt Service

Bill Number HB 153	SCHOOL	Authority	DS 2008	DS 2009	DS 2010	DS 2011
A&M System						
Tarleton	Dairy Center	\$11,124,000.00	\$969,845.94	\$969,845.94	\$969,845.94	\$969,845.94
Tarleton	Nursing Building	\$24,300,000.00	\$2,118,595.50	\$2,118,595.50	\$2,118,595.50	\$2,118,595.50
TX A&M Central Texas	Educational and related fac	\$25,000,000.00	\$2,179,625.00	\$2,179,625.00	\$2,179,625.00	\$2,179,625.00
Commerce	music building	\$21,770,000.00	\$1,898,017.45	\$1,898,017.00	\$1,898,017.00	\$1,898,017.00
Corpus Christi	nursing facility	\$45,000,000.00	\$3,923,325.00	\$3,923,325.00	\$3,923,325.00	\$3,923,325.00
Kingsville	Citrus Center	\$9,540,000.00	\$831,744.90	\$831,744.90	\$831,744.90	\$831,744.90
A&M San Antonio	Educational and related fac	\$40,000,000.00	\$3,487,400.00	\$3,487,400.00	\$3,487,400.00	\$3,487,400.00
Texarkana	library	\$75,000,000.00	\$6,538,875.00	\$6,538,875.00	\$6,538,875.00	\$6,538,875.00
West Texas A&M	Classroom renovation	\$16,200,000.00	\$1,412,397.00	\$1,412,397.00	\$1,412,397.00	\$1,412,397.00
A&M HSC	Medical Building College Sta	\$45,000,000.00	\$3,923,325.00	\$3,923,325.00	\$3,923,325.00	\$3,923,325.00
A&M University	Emerging Technologies	\$75,000,000.00	\$6,538,875.00	\$6,538,875.00	\$6,538,875.00	\$6,538,875.00
Galveston	Science Building	\$40,050,000.00	\$3,491,759.25	\$3,491,759.00	\$3,491,759.00	\$3,491,759.00
International	student success	\$25,000,000.00	\$2,179,625.00	\$2,179,625.00	\$2,179,625.00	\$2,179,625.00
International	Loop Road	\$7,626,600.00	\$664,925.12	\$664,925.00	\$664,925.00	\$664,925.00
International	Fine Arts Center	\$4,950,000.00	\$431,565.75	\$431,566.00	\$431,566.00	\$431,566.00
Total=465,560,000						
DS-\$40,589,900						

Bill Number HB 153	SCHOOL	Authority	DS 2008	DS 2009	DS 2010	DS 2011
UT SYSTEM						
Arlington	Engineering	\$70,430,000.00	\$6,140,439.55	\$6,140,439.55	\$6,140,439.55	\$6,140,439.55
Austin	Experimental Science Buildiit	\$105,000,000.00	\$9,154,425.00	\$9,154,425.00	\$9,154,425.00	\$9,154,425.00
Brownsville	Science and Technology	\$33,800,000.00	\$2,946,853.00	\$2,946,853.00	\$2,946,853.00	\$2,946,853.00
UT-Dallas	Vivarium/Experimental	\$12,000,000.00	\$1,046,220.00	\$1,046,220.00	\$1,046,220.00	\$1,046,220.00
UTEP	Physical Sciences Core Fac	\$76,500,000.00	\$6,669,652.50	\$6,669,652.00	\$6,669,652.00	\$6,669,652.00
Pan American	Starr County	\$6,000,000.00	\$523,110.00	\$523,110.00	\$523,110.00	\$523,110.00
Pan American	Fine Arts	\$39,796,000.00	\$3,469,614.26	\$3,469,614.00	\$3,469,614.00	\$3,469,614.00
Permian Basin	Science and Technology	\$54,000,000.00	\$4,707,990.00	\$4,707,990.00	\$4,707,990.00	\$4,707,990.00
Permian Basin	Arts Convocation	\$45,000,000.00	\$3,923,325.00	\$3,923,325.00	\$3,923,325.00	\$3,923,325.00
UT-SA	Engineering Building	\$74,250,000.00	\$6,473,486.25	\$6,473,486.00	\$6,473,486.00	\$6,473,486.00
Southwestern	North Campus	\$42,000,000.00	\$3,661,770.00	\$3,661,770.00	\$3,661,770.00	\$3,661,770.00
UTMB-Galveston	National Laboratory	\$57,000,000.00	\$4,969,545.00	\$4,969,545.00	\$4,969,545.00	\$4,969,545.00
UTHSC-Houston	Dental Branch	\$60,000,000.00	\$5,231,100.00	\$5,231,100.00	\$5,231,100.00	\$5,231,100.00
UTHSC-SA	South Texas Research	\$60,000,000.00	\$5,231,100.00	\$5,231,100.00	\$5,231,100.00	\$5,231,100.00
UTHSC-Tyler	Academic Center	\$21,120,000.00	\$1,841,347.20	\$1,841,347.00	\$1,841,347.00	\$1,841,347.00
MD Anderson	Center for Targeted Therapy	\$40,000,000.00	\$3,487,400.00	\$3,487,400.00	\$3,487,400.00	\$3,487,400.00
Tyler	Expansion Palestine	\$6,300,000.00	\$549,265.50	\$549,265.00	\$549,265.00	\$549,265.00
Tyler	Renovation Science	\$43,200,000.00	\$3,766,392.00	\$3,766,392.00	\$3,766,392.00	\$3,766,392.00
Authority-\$846,396,000						
DS-\$73,793,035						

UH SYSTEM						
UH	Renovation of Science	\$57,600,000.00	\$4,839,494.40	\$4,839,494.00	\$4,839,494.00	\$4,839,494.00
UH-CL	Arbor Renovations	\$10,604,808.00	\$891,005.36	\$891,005.00	\$891,005.00	\$891,005.00
UH-Downtown	Classroom Buildings	\$31,626,000.00	\$2,657,184.89	\$2,657,185.00	\$2,657,185.00	\$2,657,185.00
UH-Victoria	Academic Building	\$22,900,000.00	\$1,924,035.10	\$1,924,035.00	\$1,924,035.00	\$1,924,035.00
UH-Victoria	Regional Econ Development	\$6,719,400.00	\$564,557.27	\$564,557.00	\$564,557.00	\$564,557.00
UH-Victoria	Allied Health	\$1,800,000.00	\$151,234.20	\$151,234.00	\$151,234.00	\$151,234.00
total: \$131,250,208						
DS=\$11,027,511						

Bill Number HB 153	SCHOOL	Authority	DS 2008	DS 2009	DS 2010	DS 2011
TEXAS STATE SYS.						
Lamar Beaumont	renovations to engineering	\$4,500,000.00	\$351,000.00	\$351,000.00	\$351,000.00	\$351,000.00
LSC-Orange	Hibermia acquisition	\$1,837,280.00	\$143,307.84	\$143,308.00	\$143,308.00	\$143,308.00
Lamar PA	Computer Learning Ctr	\$1,849,500.00	\$144,261.00	\$144,261.00	\$144,261.00	\$144,261.00
TSU-SM	Undergraduate academic ctr	\$42,700,000.00	\$3,330,600.00	\$3,330,600.00	\$3,330,600.00	\$3,330,600.00
TSU-SM	Round Rock Ed Cent	\$36,000,000.00	\$2,808,000.00	\$2,808,000.00	\$2,808,000.00	\$2,808,000.00
SHSU	Performing Arts	\$10,000,000.00	\$780,000.00	\$780,000.00	\$780,000.00	\$780,000.00
Total: \$96,886,780						
DS:\$7,557,169						
UNT System						
UNT	Construction of College	\$50,000,000.00	\$4,230,000.00	\$4,230,000.00	\$4,230,000.00	\$4,230,000.00
UNT-HSC	Campus Expansion	\$41,972,400.00	\$3,550,865.04	\$3,550,865.00	\$3,550,865.00	\$3,550,865.00
UNT Dallas Campus	General Academic Build	\$25,000,000.00	\$2,115,000.00	\$2,115,000.00	\$2,115,000.00	\$2,115,000.00
Total:\$116,972,400						
DS:\$9,895,865						
Texas Womans						
TWU	Renovation	\$21,739,712.00	\$1,895,398.53	\$1,895,399.00	\$1,895,399.00	\$1,895,399.00
Total: \$21,739,712						
DS: \$1,895,398						
Midwestern						
MSU	Renovation of DL Ligon	\$7,700,000.00	\$616,000.00	\$673,750.00	\$671,902.00	\$673,211.00
MSU	Fowler Engineering	\$2,700,000.00	\$216,000.00	\$236,250.00	\$235,602.00	\$236,061.00
Total: \$10.4 million						
SFA						
SFA	Education Research facility	\$20,178,000.00	\$1,615,733.17	\$1,762,689.55	\$1,762,931.68	\$1,763,012.39
SFA	deferred maintenance	\$10,000,000.00	\$800,740.00	\$873,570.00	\$873,690.00	\$873,730.00
Total: \$30,178,000						

Bill Number HB 153	SCHOOL	Authority	DS 2008	DS 2009	DS 2010	DS 2011
TEXAS TECH SYSTEM						
TTHSC	Amarillo research-Senate Fl	\$18,000,000.00	\$1,572,696.00	\$1,572,696.00	\$1,572,696.00	\$1,572,696.00
TTHSC	School pharmacy in Amarillo	\$8,010,000.00	\$699,849.72	\$699,850.00	\$699,850.00	\$699,850.00
TTHSC	El Paso Medical	\$6,300,000.00	\$550,443.60	\$550,444.00	\$550,444.00	\$550,444.00
TTU	renovation classroom	\$25,000,000.00	\$2,184,300.00	\$2,184,300.00	\$2,184,300.00	\$2,184,300.00
TTU	Rawls College of Business	\$25,000,000.00	\$2,184,300.00	\$2,184,300.00	\$2,184,300.00	\$2,184,300.00
TTU	Law school trial center	\$7,500,000.00	\$655,290.00	\$655,290.00	\$655,290.00	\$655,290.00
Total: \$89,810,000						
DS: \$7,846,879						
Texas Southern						
TSU	School of Science	\$31,500,000.00	\$2,523,024.00	\$2,752,155.00	\$2,752,596.00	\$2,751,997.50
TSU	Multipurpose Academic	\$15,000,000.00	\$1,201,440.00	\$1,310,550.00	\$1,310,760.00	\$1,310,475.00
Total: \$46,500,000						
TSTC						
Waco	HVAC replacement	\$3,125,520.00	\$272,498.46	\$272,498.00	\$272,498.00	\$272,498.00
Total: \$3,125,520						
GRAND TOTAL:			\$159,851,194.76	\$160,487,219.44	\$160,485,736.57	\$160,486,741.78

Appendix E: Responses from Subcommittee Members

CAPITOL:
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FLORENCE SHAPIRO
Texas State Senator
District 8

COMMITTEES:
Education, Chair
Finance
Administration
Transportation and
Homeland Security

President Pro Tempore
2005

December 4, 2006

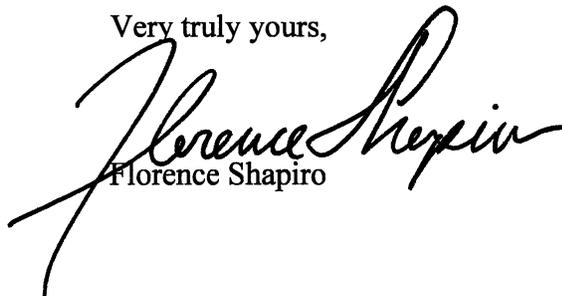
The Honorable Judith Zaffirini
Chair, Senate Finance Subcommittee on Capital Funding for Higher Education
Capitol Building, E1.14
Austin, TX 78701

Dear Senator Zaffirini:

Thank you for your work on the Senate Finance Subcommittee of Capital Funding for Higher Education's Report to the 80th Legislature.

Although I understand that these recommendations are merely in the preliminary stages, I look forward to continuing the dialogue and seeing the final recommendations.

Very truly yours,


Florence Shapiro

FS/ss



STATE OF TEXAS
THE SENATE OF TEXAS

KYLE JANEK
MEMBER

December 1, 2006

The Honorable Judith Zaffirini
Chairman
Senate Subcommittee on Capital
Funding for Higher Education
Capitol, Room 1E.14

Dear Chairman Zaffirini:

Thank you for your leadership during the 79th Interim as chair of the Senate Subcommittee on Capital Funding for Higher Education. I am signing the Report to the Legislature as an endorsement of this committee's hard work and the many strong recommendations upon which we agree. I would like to outline some of my concerns and disagreements.

- *Modify the restrictions on HEF-backed bonds to allow them to mature in 30 or fewer years.*
- *Allow institutions to pledge 100 percent of their HEAF allocation toward HEF backed bonds.*

I believe these two options, when combined, will adversely affect our institutions of higher education in the future. Since we are obligated to direct enough HEAF funds to cover each institution's HEF-bonded indebtedness, allowing institutions to use all their HEAF allocation for bonds would, in effect, mean we could never reduce an institution's HEAF allocation. This artificial hold harmless would adversely affect the neediest institutions by virtually guaranteeing institutions' allocations would not be adjusted during each semi-decennial reallocation.

Please include this letter as a record of my comments on the report. Again, I appreciate the dedication and leadership you have shown as Chairman of this subcommittee. I look forward to working with you on higher education issues in the 80th Legislature.

Sincerely,

A handwritten signature in black ink, appearing to read "Kyle Janek".

Kyle Janek

KJ/ch

